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assessing the new international order: prospects for third world development
DAVID OSTERFELD

rehabilitating watersheds
JOHN SPEARS

inflation and business cycles from the standpoint of psychology and sociobiology
RAYMOND B. CATTELL

high frontier: "the only game in town"
ROBERT C. RICHARDSON III

the defense of east asia
DONALD J. SENESE

economism and social democracy in the russian revolutionary movement
SAMUEL FARBER

the communist takeover of mozambique: an overview
CLIFFORD A. KIRACOFE Jr.

racial integration in u.s. schools: the "busing" controversy
WALTER G. THOMPSON

mechanics and implications of the reestablishment of a gold standard
NORMAN A. BAILEY

the influence of pacifism on the u.s. armed forces
G. RUSSELL EVANS

political science and anthropology: the prospect for a complete understanding of western thought
JOHN E. TASHJEAN

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Vol. 7 Nos. 1 & 2

ASSESSING THE NEW INTERNATIONAL ORDER:
PROSPECTS FOR THIRD WORLD DEVELOPMENT 3
By David Osterfeld
REHABILITATING WATERSHEDS 27
By John Spears
INFLATION AND BUSINESS CYCLES FROM THE STANDPOINT
OF PSYCHOLOGY AND SOCIOBIOLOGY 35
By Raymond B. Cattell
HIGH FRONTIER: "THE ONLY GAME IN TOWN" 55
By Robert C. Richardson III
THE DEFENSE OF EAST ASIA 67
By Donald J. Senese
ECONOMISM AND SOCIAL DEMOCRACY IN THE RUSSIAN
REVOLUTIONARY MOVEMENT 95
By Samuel Farber
THE COMMUNIST TAKEOVER OF MOZAMBIQUE:
AN OVERVIEW 115
By Clifford A. Kiracoffe Jr.
RACIAL INTEGRATION IN U.S. SCHOOLS:
THE "BUSING" CONTROVERSY 129
By Walter G. Thompson
MECHANICS AND IMPLICATIONS OF THE REESTABLISHMENT
OF A GOLD STANDARD 153
By Norman A. Bailey
THE INFLUENCE OF PACIFISM
ON THE U.S. ARMED FORCES 167
By G. Russell Evans
POLITICAL SCIENCE AND ANTHROPOLOGY:
THE PROSPECTS FOR COMPLETE UNDERSTANDING
OF WESTERN THOUGHT 172
By John E. Tashjean
BOOK REVIEWS 183

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ASSESSING THE NEW INTERNATIONAL ORDER: PROSPECTS FOR THIRD WORLD DEVELOPMENT

By David Osterfeld

The Old "Capitalist Imperialism": Colonialism

Lenin's *Imperialism* first appeared in 1917. This classic work linked the prosperity of the capitalist nations of the western world, including the high wages of their workers, to the poverty of the undeveloped nations of the "south."

Marx had predicted that the capitalist process would reduce the "rate of profit" of the capitalists and the wages of the workers. The result was to be the collapse of capitalism and its replacement by the planned, marketless economy of socialism. These predictions failed to materialize and Lenin's *Imperialism* was written to rationalize this failure by introducing the concept of "capitalist imperialism": the capitalist countries had seized, i.e., colonized, non-capitalist areas of the world and their subsequent "exploitation" of these areas relieved the pressure on the "rate of profit," thereby preserving the capitalist system. Lenin's theory fails on a number of points, but perhaps the most telling is simply that while "the *words* in the text claim that capitalism has escaped its economic self-destruction only by exporting capital to noncapitalist nations," *Lenin's own data* actually show the capitalist nations "investing their money in each others's economies more than in any undeveloped areas."(1)

The Modern "Capitalist Imperialism": Neocolonialism

The charge of "capitalist imperialism" has recently been revived. This time it has come not from Marxists rationalizing the failure of Marxism but from the "third world," or less-developed countries (LDCs) trying to account for their continuing poverty in the face of economic advancement by the capitalist nations of the west. According to this view the LDCs, many but not all of whom were colonies prior to World War II, are poor because the western nations are wealthy. As Kwame Nkrumah, who coined the term, has charged, while "old-fashioned colonialism" is "everywhere in retreat," it has merely been replaced "as the major instrument of imperialism" by

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neocolonialism. "The essence of neocolonialism is that the State ... is, in theory, independent .... In reality its economic system and thus its political policy is directed from outside." That is to say, the western nations "control ... the world market" and thus " the prices of commodities bought and sold." The result is that "foreign capital is used for exploitation rather than for the development of the less developed parts of the world. Investment under neocolonialism increases rather than decreases the gap between the rich and the poor countries of the world."(2)

Spokesmen for the LDCs argue that these charges are borne out by the following evidence: (a) *the cycle of poverty*, i.e., that the poverty of the LDCs makes saving and thus capital accumulation difficult if not impossible. And since the latter is a condition for increased productivity the LDCs are caught in a vicious circle: their poverty prevents them from overcoming their poverty; (b) *the deteriorating terms of trade*, i.e., that the prices of natural resources and raw materials continue to fall while those of manufactured goods rise. Since the LDCs are primarily exporters of raw materials and importers of manufactured goods, they are in the position of receiving ever less for their exports, while having to pay ever more for their imports; and (c) *the widening gap*, i.e., that given the cycle of poverty and the deteriorating terms of trade, the per capita income of the developed countries is growing faster than that of the LDCs. Thus, the economic gap between the developed and undeveloped countries is widening.

The New International Economic Order

The policy implications of this "neocolonial" argument are profound. Indeed, they constitute the most significant attack on the traditional international order – private property, free trade and migration – since Lenin's *Imperialism*. Since the wealth of the western nations is held to be the cause of the poverty of the LDCs, justice dictates that the inequality between the developed and less-developed countries be reduced if not eliminated. As India's Food Minister asserted at the World Food Conference in 1974:

> It is *obvious* that the developed nations can be held *responsible* for their [the developing nations'] present plight. Developed nations, therefore, have a *duty* to help

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> them. Whatever help is rendered to them now should not be regarded as charity but *deferred compensation* for what has been done to them in the past by the developed countries.(3)

This demand has been articulated most notably in the "Declaration on the Establishment of a New International Economic Order," advanced by the LDCs, which now constitute a majority in the United Nations, and adopted by the General Assembly on May 1, 1974. The NIEO Declaration laments the alleged fact that "the gap between the developed and developing countries continues to widen" and proposes that "the prevailing disparities in the world be banished ...." Three distinct policies for attaining this goal are outlined either in the Declaration itself or related measures. First, there is to be a *transfer of wealth*, technology as well as financial assets, from the developed to the undeveloped countries. There are to be no strings attached to these transfers. Although no specific figure was included in the Declaration, that most often mentioned by the LDCs is seven percent of the developed countries' GNP. However, this figure would be considerably higher if one included the cancellation of LDC debts to the developed nations, which is also demanded. Second, in referring to the nationalization of foreign owned property as an "inalienable right" which is nothing more than "an expression of the full permanent sovereignty of the State," the Declaration encourages LDCs to pursue *policies of nationalization*. And third, phrases such as the "full permanent sovereignty of every State over its natural resources and all economic activities," and "the right of every country to adopt the economic and social system it deems the most appropriate," are obviously incompatible with the economic interdependence of nations.The Declaration thereby implicitly urges LDCs to adopt *protectionist policies*. Since this means the severing, in varying degrees, of relations with other, in particular developed, countries, the consequence of these sentiments is to encourage economic *autarchy*.

The implementation of this program, which would be nothing short of the creation of an international welfare state, would have serious ramifications for the traditional order. In order to assess this impact we first need to examine the validity of the "neocolonial" position on which the new order is based.

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The "Neocolonial" Thesis Evaluated

(a) *The Cycle of Poverty*. Spokesmen for the LDCs often maintain that since they are poor they cannot accumulate the capital necessary to increase productivity and are therefore caught in a vicious cycle in which poverty perpetuates poverty. What is needed to break this cycle are transfers of wealth from the developed countries. There are several flaws in this argument.

First, it is sometimes forgotten that the developed countries were not always developed. Until only recently all nations were "undeveloped." It was only in the eighteenth century, in what is now termed the "Industrial Revolution," and only in a particular part of the world, in what is designated as the "west," that the standard of living began to rise above the subsistence level. Since at one time all nations were poor and since some nations succeeded in developing, it is clear that poverty in itself cannot explain the lack of economic development. What made possible the dramatic transformation of one small section of the world while conditions elsewhere remained practically unchanged?

This phenomenon cannot be explained by the exploitation of non-European peoples. Given the primitive state of communications and transportation at this time there was little intercourse among various sections of Europe, much less between Europe and the rest of the world. And besides, since the rest of the world was as undeveloped as Europe there was very little to exploit. Neither can it be explained by the abundance of its raw materials or by advances in technological knowledge. Other areas of the world were at least as well-endowed with resources as Europe. Moreover, these resources didn't simply appear in the eighteenth century. They had always been present. If Europe's resource endowment *caused* its development then this should have occurred several thousand, not just a few hundred, years ago. The same is true of technological knowledge, much of which had been discovered decades, if not centuries, before. The problem is that the wherewithal to utilize both the resources and the knowledge was lacking. That wherewithal was capital which by the early eighteenth century had been accumulated in Europe – or more accurately England – in amounts sufficient to spawn the economic "takeoff" known as the Industrial Revolution. It was the accumulation of

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capital which permitted the technological knowledge to be used in the form of productive machinery which vastly increased output per unit of labor. And it was, of course, this increased output which made possible the rising standard of living.

But the role of capital should not be exaggerated. Capital is a *necessary* condition for economic development; it is not a *sufficient* one. In fact, not only does development require a particular incentive structure and a particular set of attitudes, i.e., the proper environmental setting, such an environment is itself a condition for the accumulation of capital. Scholars such as Max Weber and R.H. Tawney have noted the close connection between European economic development and a complex set of religious and cultural attitudes, sometimes termed the "Protestant Work Ethic," in which hard work, frugality and risk taking were highly valued.

The problem is not that the LDCs are too poor to save and invest. Europe was even less developed in the seventeenth century than most of the LDCs are today. The problem is one of an environment which affords the proper incentives for saving and investment, both domestic and foreign. In contrast to an environment like Europe's in which there was a reasonably close correlation between individual effort and individual reward, one in which tradition is highly valued, which views change and innovations as evils, or an authoritarian environment, in which individuals are used to allowing all important decisions to be made by a small group of leaders, discourages precisely those attitudes which are crucial for capital accumulation and development. As economist Peter Bauer points out, the environment

> has for centuries been less authoritarian in the west than in Africa and Asia and thus more conducive to experimentation, a questioning turn of mind and an interest in material advance. The subjection of the individual in Africa and Asia to political authority and to tradition has discouraged these qualities; and so has the greater prestige (compared with the west) of a life of contemplation compared to one of action. An authoritarian tradition is normally unfavorable to material progress in the sense of a rise in living standards, which require a liberation and modernization of the mind.(4)

The tendency to exaggerate the role of capital, to see it as

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the sole requirement for development rather than one of several necessary conditions, has led many LDCs to adopt policies of "compulsory saving," in which governments, generally through increased taxation, endeavor to stimulate growth by increasing the nation's capital stock. In fact, such policies have tended to retard LDC development.

First, even assuming that compulsory saving does augment total physical output, if progress is to mean anything at all it must be *desired* output. The very fact that a given quantity of saving can be obtained only by compulsion indicates that the particular saving/consumption ratio determined by the government is in conflict with that desired by the population. Aside from the totalitarian implications of centralizing political control over economic decisions, there is, as Bauer dryly notes, "an inherent contradiction in the idea of a rise in the general living standards engineered by compulsion, that is against the will of the supposed beneficiaries."(5) Thus, even if forced saving does increase physical output, the value of this increase is dubious at best.

But there is little reason to suppose that output will be expanded. Compulsory saving is often assumed to constitute a net increase in saving. But this is not the case. "Compulsory saving is overwhelmingly likely to reduce the volume of private saving." Thus, "the proceeds of compulsory saving are not a net addition to the supply of capital, but a transfer of funds." But if there is no increase in the capital stock there is no reason to expect physical output to expand. On the other hand, the repercussions of such a policy are apt to reduce it. First, there is what is known as the "substitution effect." By definition the market or exchange sector in a LDC is small relative to the subsistence sector. Since taxes must necessarily fall on the exchange sector, imposing high taxes to increase saving reduces the attractiveness of production for the market. This, in turn, either slows or reverses the transition from a subsistence to an exchange economy, thereby retarding development. Further, domestic saving will be far more likely to be invested abroad in order to avoid high taxes, while foreign capital is much less likely to be attracted for the same reason. Finally, since private individuals risking their own capital have a much greater incentive to choose wisely than do bureaucrats using other peoples' money, an economy which has become highly politicized is apt to be quite inefficient. For all of these reasons far

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from increasing capital and output, a policy of forced saving is likely to have the opposite effect.(6)

In brief, the "cycle of poverty" is a myth. Poverty does not perpetuate poverty. Further, while capital is essential for development it is not the sole factor, and policies such as "forced saving" which treat it as such tend to be counter-productive.

(b) *The Terms of Trade.* Another argument that is often advanced to explain the inequality of wealth as well as to justify its transfer from the west to the "south" is commonly known as the "Prebisch-Singer Thesis." There is, according to this thesis, a natural tendency for the prices of agricultural and primary products to fall relative to those of manufactured goods. Since the LDCs are exporters of the former and importers of the latter, they face unceasing deterioration in their terms of trade. And this means that since the LDCs must continually expand exports merely to sustain the same level of imports, development is retarded if not precluded. The rationale for this tendency is provided by "Engel's Law" which states that as incomes rise, a smaller percentage is spent on food and thus growers of food receive a smaller percentage of the total economic pie. Like the cycle of poverty, this contains numerous errors.

"Engel's Law," Gottfried Haberler notes, "applies to food but not to raw materials." If the percentage spent on food declines then that spent on manufactured goods must increase. And since raw materials are necessary to produce manufactured goods, their prices would rise. There is therefore no reason to expect a continuing decay in the terms of trade. In fact, flatly contradicting the "Prebisch-Singer Thesis" is the so-called "Law of Diminishing Returns" which maintains that as raw materials become more scarce and the demand for them expands, their prices will rise relative to those of manufactured goods and the terms of trade will then turn in favor of the LDCs.

Obviously both cannot be correct; neither is really borne out by the data. "It would be a very strange coincidence indeed," Haberler comments, if the commodity terms of trade, i.e., the prices of primary products relative to the prices of manufactured goods, for all LDCs "moved parallel for coffee countries, mining countries, petroleum exporters, and exporters of wheat, wool and fats. The same holds true of the other side of

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the fence. The dissimilarity of the trade structure of the develloped countries is hardly less pronounced than that of the under-developed countries."(7) For example, between 1958 and 1963 the commodity terms of trade for Chile improved 20 percent due to higher copper prices, while those for Brazil declined 20 percent because of a fall in the price for coffee. Clearly, averages based on such widely disparate data can be misleading if not simply meaningless. And this is especially true when quality is introduced. The quality of primary goods like copper, iron ore and cotton remains about the same. But that of such manufactured goods as tractors, automobiles or computers has undergone tremendous improvement over the years. As one commentator has noted:

> The efficiency of one of the best known makes of earth-moving tractor, widely used on Africa, has increased so greatly in the last few years ... that in 1967 it cost appreciably less to move a cubic yard of earth than it had in 1961, although the cost of the tractor was higher. Again, in Nigeria in 1967 the import prices of Italian refrigerators with a capacity of 4.6 cubic feet were 30 percent lower than the prices of refrigerators with a capacity of 2.8 cubic feet imported from elsewhere a few years earlier. Indices of import prices record the lower price but not the increased capacity.(8)

In brief, the failure or inability to adjust for quality changes results in a statistical bias that exaggerates the prices of manufactured goods. Even so, the data do not show any long run decline in the terms of trade for primary goods. Using 1963 as the base year, the terms of trade for the LDCs as a whole improved from 80 in 1938 to 95 in 1948 to 100 in 1963 and to 102 in 1969. Although dropping in the early 1970s they quickly recovered and have continued to rise since then.

However, such trends can be assessed more accurately by using factoral rather than commodity terms of trade. That is to say, what is crucial is not the price of a good exported relative to the price of a good imported. Rather, it is the *cost* of the good exported, i.e., the sum of factor prices embodied in the good, relative to the price of the good imported. An example will make this clear. Assume that 100 pounds of Malaysian rubber sold for $22.00 in 1969 but only $15.00 in 1972 (which is about correct). Clearly, the commodity terms of trade, assuming stable import prices, have deteriorated by over 25

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percent. But if the *cost* of manufacturing that rubber had fallen from, say, $19.00 in 1969 to $10.00 in 1972, the profit or foreign exchange Malaysia would have earned from the sale of the same amount of rubber would be much higher in 1972 than in 1969 ($3.00 per 100 lbs. in 1969; $5.00 per 100 lbs. in 1972). It is obvious that Malaysia could import more goods in 1972 than in 1969 even with somewhat higher prices for imported goods.

And this is just what has happened in much of the third world. Because of improvements in transportation and the introduction of newer production techniques the costs of production of such goods as cocoa, sugar, rubber and many other primary products have dramatically declined.(9)

Finally, the "Prebisch-Singer Thesis" could not account for the status of the LDCs even if it were not a myth. First, the poorest LDCs have so little trade with other countries that changes in the terms of trade, regardless of direction, would be of negligible impact. Second, the thesis is based on the assumption that LDCs are solely exporters of primary products while developed countries export solely manufactured goods. This was approximately true until a couple of decades or so ago but things have dramatically changed since then. Currently over 25 percent of all exports from the LDCs are manufactured goods, and it is estimated that this will exceed fifty percent by 1985. For example, Singapore, Hong Kong, Taiwan, South Korea and Brazil have all become major exporters of electronic equipment such as TVs and radios. And automobile production has recently been increasing at a yearly rate of 14 percent in Brazil and nearly 10 percent in Mexico, compared to only 4.4 percent in the US and 3.4 percent in Britain. And the Philippines, South Korea and Malaysia are quietly becoming major producers of automobiles.(10) Conversely, developed countries like the US are major exporters of agricultural products or, in the case of Canada, major sources of raw materials. In brief, not only is the "Prebisch-Singer Thesis" invalid, it would be unable to account for the position of the LDCs even if it were valid.

(c) *The Widening Gap.* Another common belief is that the economic gap between the developed and undeveloped countries is growing; that the economies of the developed countries are expanding faster than those of the LDCs. Although this may be true, it has not been demonstrated.

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The very concept of "the gap" contains serious conceptual difficulties. The terms developed and undeveloped suggest clear-cut, identifiable distinctions. In fact, no such distinctions exist. There are, of course, highly developed countries such as Switzerland with a 1978 per capita GNP of $12,000 or the US with $9,500, and extremely undeveloped countries like Nepal or Mali with 1978 per capita GNPs of only $120. The per capita GNPs of all other nations fall between these extremes. Significantly, the positions of these countries do *not* cluster at the extremes but range across the entire spectrum. Afghanistan has a per capita GNP of $240, Liberia $460, Chile $1,410, Singapore $3,290 and Britain $5,030.(11) Since the economic ranking of countries does not indicate a clear-cut break but a series of gradations there is really no such thing as "the gap." And if there is not a gap, the notion of a "widening gap" is meaningless.

One can, of course, create a gap by arbitrarily designating a "poverty line" and then comparing the average incomes of those countries above it with those below it. Similarily, one can deal only with selected rich and poor countries. But such averages, or such selected use of data, while often producing politically explosive "findings," have little real meaning. Three examples will make this clear.

1) Where development has occurred in the third world it has permitted the introduction of more and better medical facilities and a better and more varied diet. The result has been a substantial decline in infant mortality and a much longer life expectancy. But as the survival rate among the very poor rose, population usually increased faster than the GNP, with the result that the per capita income declined. Thus, as Bauer noted, while "the position of those who have failed to die has certainly improved, as had the situation of those whose children continue to live," not only did per capita income statistics not register this as an improvement, they actually recorded it as a deterioration!(12)

2) The subsistence sector, in which goods are not bought or sold but consumed by the producer, or bartered, are always a much larger part of the economy of an undeveloped than a developed country. But since income statistics are based on the quantity of goods bought and sold, economic activity in the subsistence sector is ignored with the result that such statistics make the income of the LDCs appear much lower than it

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really is. This, of course, exaggerates "the gap."

3) There are countries – Singapore, Hong Kong, Taiwan, Brazil and the like – which have advanced rapidly over the past decade. Singapore's annual growth rate between 1960 and 1976 averaged 7.5 percent, Hong Kong's 6.5 percent, Taiwan's 6.3 percent, and Brazil's 4.8 percent, all of which were higher than those of such developed countries as the US with 2.3 percent or Britain with 2.2 percent. But this dramatic advance of these "newly industrializing countries," or NICs as they are called, does not reduce, and if anything increases, the gap. For as the NICs progress they are transferred from the undeveloped to the developed category, thereby leaving in the former category only such countries as Nepal, Rwanda and the like which have remained practically unchanged.

All of this is not to deny the existence of economic inequality among nations; surely it exists. But it does indicate that the entire notion of "the gap" is ambiguous at best, and that the evidence for a "widening gap" is, in fact, largely a statistical artifact.

The three major elements of the "neocolonial" thesis have been examined. All three are unfounded. Moreover, the very existence of the NICs explodes the idea of "capitalist imperialism." For if the capitalist countries actually exploited the third world those LDCs with the closest ties with the west should be the poorest. Conversely, those with the fewest contacts should be the most prosperous. But *without exception* those countries with the closest and most numerous ties with the west are the NICs, while the poorest of the LDCs are those like Nepal and Mali which have the fewest contacts.

Although the arguments which were advanced to justify the passage of the NIEO in the United Nations are unfounded, the NIEO has nevertheless come to pass. What must be considered, therefore, is what would be the probable impact of its implementation.

The Liberal International Order

The existing international order may be termed more or less a liberal, or capitalist, order, i.e., one based on the classical liberal ideas of respect for private property and its corolaries, freedom of trade and migration. Since the NIEO constitutes severe restrictions on this order its impact can best be assessed

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by depicting, first of all, a world based *purely* on liberal principles.

Given free movement of people and goods national boundaries would be devoid of economic significance. In such a world capitalists, anxious to maximize profits, would increase their investment in those areas where the cost of factors were cheap relative to those areas where they were expensive. Conversely, workers anxious to maximize their earnings would migrate from those areas where wages were low to those where they were higher.

This is just what served to transform the western world in the nineteenth century. Since Great Britain began to save and invest sooner than other nations it had a higher standard of living than all other European countries. But, "something happened which caused the headstart of Great Britain to disappear." That something was the internationalization of capital. In 1817, writes economist Ludwig von Mises,

> ... the great British economist Ricardo still took it for granted that ... capitalists would not try to invest abroad. But a few decades later, capital investment abroad began to play a most important role in world affairs .... Foreign investment meant that British capitalists invested in those European countries which, from the point of view of Great Britain, were short of capital and backward in their development. It is a well-known fact that the railroads of most European countries ... were built with the aid of British capital. The gas companies in all the cities of Europe were also British ... In the same way British capital developed the railroads and many branches of industry in the United States. (13)

Occurring at the same time was the "great migration" of individuals from Europe, which was relatively overpopulated and in which wages were therefore low, to the US, which was underpopulated and, accordingly, wage rates were higher. This dual process of capital and labor migration would continue until equilibrium was reached, i.e., the marginal utilities of both capital and labor were equalized. This is essentially what occurred in the western world, although to the extent that there were tariff and migration barriers complete equalization was prevented. And, *other things being equal*, this is also what would eventually occur throughout the world.

But other things are not equal. Compared to the west, wage

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rates in the LDCs are quite low while interest rates are notoriously high. This means that there is a "surplus" of labor and a "shortage" of capital and one would expect capitalists to exploit this opportunity for profit by investing in the LDCs. One would also expect this process to continue until wage rates in the LDCs equalled those in the developed countries for the same type and quality of work. In the process, as capital became less scarce interest rates, and thus returns to capital, would decline to the point at which they equalled those in the west. But this has occurred only to a limited extent. The bulk of western foreign investment has gone to other western nations, and even that from non-western countries such as the Arab nations of the mid-east has been invested largely in the already capital intensive nations of the west. Why? Two reasons will be discussed here.

(a) *Lifestyle*. Historically the relationship between industrialization and urbanization has been a close one. This is hardly surprising. An area in which the population is concentrated or urbanized is a natural place for the location of factories. As an increasing number of factories are established, wage rates begin to rise which, in turn, encourages additional migration to the city.

Beyond this it is important to note that life in the city requires a different culture or mentality than life in the country. For a number of reasons the city had an individualizing impact which was in marked contrast to the traditional, communal lifestyle of the country. Given the close proximity of individuals with disparate backgrounds and values, cities became centers for the development of new ideas, political, social and economic. New products, new methods of organization and new types of economic activity were pioneered in cities. Indeed, Jane Jacobs notes that every major innovation in agriculture was actually developed in cities and exported to the countryside.(14) But with the decline of the old order cities were also havens for the growing number of unattached individuals, those individuals whose activities were no longer prescribed by their duties to a particular family, tribe or gens. Thus, relations which traditionally took place between spokesmen for entire families or tribes were, with the emergence of cities, gradually replaced by relations between individuals.(15)

Clearly, a traditional or rural environment, where the family was both the social and economic unit, the bulk of production

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was for immediate consumption, specialization and the division of labor were severely restricted, and innovation was eschewed, was incompatible with economic development. Conversely, a city or urban environment predicated on the factory as the unit of production, and in which functions were specialized, relations were individualized and impersonal and the bulk of production was for sale on the market, was the ideal environment for development.

Today the west may be seen as the city and the third world the country. This is not to suggest that the west is entirely "urbanized." The US remains one of the world's chief producers of agricultural products. Yet what is most significant about this is the degree to which in the west even those in the country have internalized the lifestyle of the city. In America farming is a highly specialized occupation, and the farmer is, in fact, an entrepreneur. His land and equipment represent a large capital investment; he generally consumes little of what he produces; and since his production is for the market he must anticipate consumer demand. He must therefore decide not only what and how much to plant but when, where and how much to sell. Thus, even in the developed nations the so-called country conducts itself according to the spirit of the city. In the west even farming is a business. But an entirely different spirit pervades most of the third world: the spirit of the country. It is not simply that the agricultural sector is large. What is significant is the prevalence of subsistence farming. Hence, farming is not a business, it is a way of life. Since the production unit is the single family, farms or plots tend to be small. This precludes or greatly limits specialization and the division of labor. The emphasis on familial duties inhibits individual mobility, and reverence for one's ancestors or for the ancient order, which is a normal component of the country, discourages innovations. Finally, the absence of the "cash nexus," of production for sale on the market, is incompatible with the development of the spirit of enterprise and business acumen.

One cannot say that a country or traditional lifestyle is wrong; only that it is incompatible with development. An assembly line, to take a simple example, requires the coordinated activity of numerous individuals. It cannot function when individuals, unaccustomed to "punching a time clock," cannot be depended upon to arrive at work on time. The successful functioning of an industrial economy requires discipline. One

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may reject such a lifestyle for one of, say, religious contemplation or simply greater leisure. But those who adopt such a lifestyle have no right to complain because their economic position stagnates while that of others, who subject themselves to the rigors of the industrial sector, advances. It is this antagonism between the prevailing lifestyle of the LDCs and the successful conduct of economic activity that in large part accounts for the failure of western capitalists to invest in the third world.

However, to refer to the third world as the "country" does not imply the complete absence of urban centers. They do exist and are growing. Between 1970 and 1975 over 70 million inhabitants of the third world migrated from rural to urban centers. Despite the tremendous social and political problems this massive migration has caused, it is, from the standpoint of economic development, a positive phenomenon. For it is through urban centers that contacts with the west are made. And these contacts spawn LDC development. For example, although Malaya is today a major producer of rubber, it was actually the British who introduced and developed the rubber industry there in the late nineteenth century, thereby transforming Malaya from "a sparsely populated area of hamlets and fishing villages" to "a country with populous cities, thriving commerce and an excellent system of roads." Similarily it was the Europeans who brought the cocoa industry to Africa, which transformed areas of Africa nearly as much as the rubber industry transformed Malaya. In general, those areas with close contacts with the west have benefitted greatly. The introduction of western medicine has improved health conditions and reduced or eliminated many diseases. And famines, which are ordinarily not caused by general shortages of food but by spot shortages coupled with the inability to transport food from areas where it is plentiful to those where it is needed even though these areas may be only a few miles apart, were greatly mitigated by the construction of roads and the introduction of vastly superior systems of communication.(16)

In brief, contacts with the west have vastly improved conditions in many third world countries. But in those countries which have had few contacts with the west, or in which the prevailing social and political values are incompatible with economic advancement, little or no progress has occurred. True, values can change, as the existence of the NICs dramat-

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ically illustrate. But the degree to which these values of the west are embraced depends on the third world itself.

(b) *Government Intervention.* Another reason for the dearth of foreign investment can be summarized under the heading of government intervention. While this is hardly unique to the third world, the government of the LDCs are, as a rule, more active in the economy than are those in the developed countries. Licensing restrictions are common, as are tariffs, high taxes and state-supported monopolies. Even the forcible resettlement of entire peoples is not unknown, as the transfer of urban-dwellers to the country in Kampuchea and Tanzania's resettlement of rural people into "cooperative villages" attests. But what is of concern here are those policies which reduce the inflow of foreign capital. Two such policies, minimum wages and nationalizations, will be discussed.

It has become fairly common for the governments in the LDCs to adopt minimum wage laws in order to raise wages. But wages are low because the bulk of the workforce is unskilled and/or unaccustomed to the discipline of the industrial sector, and such laws do not change that condition. By preventing workers from offering a "compensating difference" for these drawbacks, minimum wages reduce the attractiveness of investing in the LDCs, thereby restricting the inflow of capital and increasing unemployment. In the long run such policies prevent workers from acquiring those skills which would raise their productivity, thus making investment more attractive. Hence, they retard development. It should not be forgotten that low labor costs, which moralists often condemn as "exploitation," has been a major factor in the rapid development and the rising standard of living of Hong Kong, Malaysia and other NICs. (17)

More serious, however, is the nationalization of foreign owned enterprises. The reluctance of western capitalists to invest in the third world has been observed by many and some have even charged that the west is deliberately boycotting the third world. The reason for this reluctance is not hard to find. Investment always entails risks; but in the third world this is often aggravated by the uncertainty of the economic environment. If the investment fails, the speculator loses all or part of his investment. But if it succeeds he is usually subject not only to high taxes but the ever present possibility of nationalization. The Mexican expropriation of foreign owned oil holdings in 1938 was neither the first nor the most extensive nationaliza-

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tion. But it does exemplify the attitude of many LDCs. In response to the American demand for "prompt, adequate and effective compensation," the Mexican government stated:

> There is in international law no rule universally accepted in theory nor carried out in practice which makes obligatory the payment of immediate compensation nor even of deferred compensation for expropriations of a general and impersonal character. (18)

Although American holdings were valued at $200 million they eventually received slightly less than $25 million.

Other nationalizations include Russia, where all foreign owned industrial property was confiscated after the 1917 Revolution, Iran, Egypt, Guatemala, Bolivia, Argentina, Algeria, Chile, Cuba and Burma. Such nationalizations have cost western investors billions of dollars. The result is windfall gains for the nationalizing country, but in the long run it slows development by making access to capital more difficult. For example, the book value of private foreign capital invested in the LDCs in 1914 was $24 billion; in 1965 it was $37 billion. (19) This is only a 50 percent rise in 50 years. And since this is significantly less then the rate of inflation during these years, this represents a massive reduction, in real terms, of the amount of foreign capital invested in the LDCs. The LDCs often complain of high interest rates. What they apparently fail to realize is that their interest rates are high because of a shortage of capital which, in turn, is in large part a result of their policy of nationalization.

To summarize, while there is a tendency for both wage rates and returns to capital to equalize throughout the world, this has been offset in the third world by such factors as the prevailing lifestyle and extensive government intervention.

A Note on Mercantilism

Since the role of government has just been discussed, some mention should be made of mercantilism. Too often the distinction between mercantilism and capitalism is ignored, but the two are by no means identical. Mercantilism is a pro-business philosophy which entails a close relationship between business and government and is manifested by the adoption of policies such as tariffs and licensing restrictions designed to insure profits by insulating businesses from competition. Capitalism, on the other hand, is pro-free market. It posits a clear sepa-

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ration of business and government and oppositon to just those restraints on competition that mercantilism demands. Thus, as Milton Friedman has noted, "tariffs are anti-free enterprise, yet pro-business."(20) The point is not that one policy is somehow inherently better than the other; the point is that for analytical purposes it is important to make the conceptual distinction between the two as clearly as possible. This is more than a matter of semantics; it has significant policy ramifications. While it is common, and legitimate, to refer to western nations as "capitalist," their policies have in fact been a blend of mercantilism and capitalism. For example, tariffs have often been used, and particularly in the United States, to exclude the importation of goods made with "cheap foreign labor," and it has been argued that such exclusion has adversely affected the economic advance of the less-developed countries. To the extent that this is true the cause is not capitalism but mercantilism. But in failing to make the distinction the cause of the problem is often mistakenly diagnosed as the market rather than the governmental restrictions imposed on the market, and the result is the call by the LDCs for policies that further limit the impact of the world market and introduce even more government control, or planning, over their domestic economies. In brief, the failure to make the analytical distinction results in a confusion of cause and effect, the policy implications of which are the further adoption of those measures (tariffs) which were responsible for the problem in the first place. Moreover, even if the mercantilist practices of the west have retarded the economic development of the third world, they cannot account for the poverty in the poorest of the LDCs. Since their volume of trade with the developed nations is negligible, repeal of tariffs would have virtually no impact on them. Their impact is greatest on those countries with the closest contacts with the west, i.e., the NICs. Since they are the countries that are already in the process of rapid development, one cannot say that western mercantilist policies *preclude* development. At most, one can say that they may have retarded development, but since the NICs have the most rapid rates of growth the extent of that retardation is ambiguous at best.

The NIEO Evaluated

We are now ready to assess the impact of the NIEO. The measures were categorized as follows: (a) wealth transfers,

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(b) nationalizations, and (c) protection. Each will be discussed in turn.

(a) *The Transfer of Wealth.* It is dubious that the transfer of wealth can improve the position of the LDCs. In fact, it is likely to make them even worse off. Such aid, as is foreign aid now, would no doubt be administered by and through government. This would promote even greater government control over the economic life of the nation. Apart from the serious restrictions on individual freedom that are likely to occur, such a policy would have several other ramifications.

It is rational to pursue a project only when the (expected) benefits exceed costs. Although this may occasionally be overridden by non-economic concerns, any nation interested in economic development must adhere to this general principle. This highlights a serious problem for the proposed wealth transfers. Since the transferred resources would be scarce, their transfer at *zero cost to the recipients* would seriously distort cost data. Thus, even assuming that the public officials honestly desire to benefit the population, the artificial lowering of costs entailed by the transfers would make many projects *appear* profitable which are in fact economically unsound. That is to say, trying to determine whether costs exceed benefits in the absence of accurate cost data is rather like trying to cut a piece of paper with a single blade of a scissors. In such circumstances it is inevitable that numerous mistakes will be made and the waste of resources will be enormously high.

Moreover, private investors risking their own capital are under the economic constraint of serving consumers. But public officials to whom resources are transferred are largely relieved of this constraint. In fact, since they would receive resources at *zero cost to themselves*, they are able to treat these as "free goods." Even when public officials are not corrupt, they are human and naturally desire to enhance their personal well-being. Relief from the economic constraint permits them to do just this. Finding themselves in a position to substitute their own priorities for those of the marketplace not only permits the more corrupt LDC leaders to line their own and their supporters' pockets. It also enables public officials to satisfy their egos by diverting resources from the satisfaction of consumer demand to use in such capital intensive projects as the construction of steel mills or hydro-electric dams even when either there is no demand for their products or they

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can be bought much cheaper elsewhere. Although such projects are undertaken in the name of industrialization, they do not contribute to economic growth. They are the modern counterpart of the Egyptian pyramids: colossal, impressive and a wasteful drain on the resources of the country. For all of these reasons foreign aid has historically led to a "notable increase in the amount of capital devoted to economically wasteful projects."(21) Implementation of the NIEO proposals would not alter these principles; it would only place them on a far grander scale.

In addition, wealth transfers would have other drawbacks. It is a mistake to regard such aid as a net addition to the capital stock of a country. The expansion of government control over the economy reduces the "pressure on the government to maintain an environment favorable to private enterprise." Since this discourages private investment, domestic and foreign, the result could well be a *net reduction* in the amount of capital available.(22)

Finally, it should be noted that by increasing dependency on government, the politicization of economic life created by the transfers works to retard the acquisition of those attitudes – thrift, industry, self-reliance – which are necessary for development. None of the western capitalist countries required transfers of wealth for their development and, for the reasons given above, the transfers proposed by the NIEO would probably harm rather than benefit the LDCs. As Bauer has written:

> If all conditions for development other than capital are present, capital will soon be generated locally or will be available ... from abroad .... If, however, the conditions for development are not present, then aid ... will be necessarily unproductive and therefore ineffective. Thus, if the mainsprings of development are present, material progress will occur even without foreign aid. If they are absent, it will not occur even with aid.(23)

(b) *Nationalizations.* This issue can be dealt with quickly. Too often, especially in LDC literature, the economic process is depicted as zero-sum: the gains of one are offset by the losses of another. The assumption that the profits of a foreign-owned enterprise are garnered at the espense of the host country is the basis, or at least the rationale, for nationalizations. In fact, the economic process is positive-sum: everyone gains. But a corrolary of this is that in pursuing policies, like nationalizations,

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which harm another, the actor also harms himself. A positive-sum process is transformed into a negative-sum process in which *everybody loses.* This effect will not change simply because nationalizations have been termed an "inalienable right" by the NIEO.

(c) *Protection.* The one final issue raised by the NIEO is that of protection. The NIEO encourages protectionist policies for the LDCs and these have become quite common. For example, in Latin America tariffs now average over 200 percent on consumer goods and 50-70 percent on capital goods, and the situation is similar throughout the third world. The major argument for protection is that it would stimulate development by encouraging industrialization.

While protection may stimulate industrialization, industrialization should not be confused with development. Industrialization is usually correlated with development because on the free market new technologies are utilized only when they reduce costs by increasing output per unit of input. But such is not the case with protection. Manufactured goods that were previously imported because their total cost of production, including transportation, was below that incurred by domestic producers now become, under a policy of protection, either more expensive or entirely prohibited. The result is the substitution of local for foreign production.

However, as Harry Johnson points out, "the use of protection to promote substitution of local for foreign production does nothing to reduce the comparative disadvantage of local as contrasted with foreign entrepreneurship."(24) For example, since it is often the case, especially in the LDCs, that the domestic market for a particular good is too small to permit exploitation of economies of scale and specialization, the costs of production are inordinately high. Thus, although protection may artificially stimulate industrialization, this can hardly be viewed as advancement. In fact, what has occurred was the shifting of resources from more to less productive uses with the result that everyone, except perhaps the domestic producers of the good, is less well off.

Conclusion

A common criticism of the traditional liberal or capitalist order is that a businessman is concerned solely with profit.

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He does not care whether the goods he produces are useful. Nor is he concerned with the well-being of his workers. Production, runs the popular argument, should be for use, not just for profit, and everyone should be guaranteed a living wage. Thus, Indian President Indira Ghandi has recently called for a "new approach to foreign investment" in which in place of the quest for profit, investment would be undertaken on the basis of "service to community." This view, which permeates much of the literature on the LDCs, is a *non sequitur*; it fails to distinguish between intention and consequence. Even granting the dubious proposition that businessmen as a group are more rapacious and greedy than others; that they are unconcerned about the use to which their products are put or about the well-being and happiness of the workers they employ, it does not follow that the goods are not useful or that the workers are underpaid or unhappy. On the contrary. Since people buy only what they intend to use, the distinction between production for profit and for use is fallacious. The insight of Adam Smith was that the market was able to correlate "service to community" and profit: the more efficiently one produces the goods others desire, the more profit one will earn. And since what an entrepreneur can bid for the factors is limited by his expected yield from the sale of his product, those who are able to produce the most intensely desired goods at the cheapest price receive the highest return on the sale of their goods. They are therefore able to make the highest bids for the resources they need. In this way factors are channeled into the production of those goods most intensely demanded by consumers. Thus, while the intention of the capitalists is to make profit, the consequence of their actions is the efficient production of the most intensely needed goods.

Based largely on the pursuit of such mundane values as material self-interest, and tolerating or even encouraging such morally questionable behavior as greed, the traditional system may not be especially inspiring. But, as Michael Novak has observed, "a system built on sin is built on a very solid foundation."(25). Inspiring or not, the traditional order has proven itself a very effective instrument for both economic development and the protection and promotion of individual freedom. Since the NIEO proposals constitute severe restrictions on this order, they are far more likely to perpetuate the stagnation

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of the LDCs, or even worsen their plight, than to stimulate development.

The twentieth century has witnessed the continual encroachment on the liberal international order. If spokesmen for the LDCs seriously desire to overcome their poverty, they should not propose further restrictions; they should advocate the repeal of existing ones.

FOOTNOTES

(1) Thomas Sowell, *Knowledge and Decisions* (New York: Basic Books, 1980), p. 227. Also see L.H. Gann, "Neo-Colonialism, Imperialism, and the 'New Class'," *The Intercollegiate Review* (Winter, 1973-74), pp. 13-27.

(2) Kwame Nkrumah, *Neo-Colonialism: The Last Stage of Imperialism* (New York: International Pub., 1965), pp. ix-x, and p. 241.

(3) In Daniel P. Moynihan, "The United States in Opposition," *Commentary* (March, 1975), P. 38

(4) P.T. Bauer, *Dissent on Development* (Cambridge: Harvard University Press, 1972), pp. 529-30. Also see Alan Reynolds, "Problems of the Developing Countries," *Journal of International Relations* (Spring, 1978), p. 80.

(5) Bauer, p. 202.

(6) Milton Friedman, "Foreign Economic Aid: Means and Objectives," *Yale Review* (June, 1958), p. 509; and P.T. Bauer, "The Political Economy of Non-Development," *Foreign Aid Reexamined*, eds. James Wiggins and Helmut Schoeck (Washington, D.C.: Public Affairs Press, 1958), pp; 132-33.

(7) Gottfried Haberler, "Terms of Trade and Economic Development," *Economics of Trade and Development*, ed. James Theberge (New York: Wiley, 1968), pp. 328-29.

(8) Bauer, *Dissent*, p. 242.

(9) *Ibid.*, p. 241; Haberler, p. 329; and Arthur Lewis, "A Review of Economic Development," *American Economic Review* (May, 1965), pp. 1-16.

(10) John C. Kimball, "The Trade Debate: Patterns of U.S. Trade," and Geoffrey Godsell, "Tomorrow's Big Powers: 'Confucian Work Ethic' Thrusts Small Nations Into Big League," both in *World Politics, 80/81*, ed. Chau T. Phan (Guilford, Conn.: Dushkin Pub., 1980), pp. 107 and 163 respectively. Also see John Spanier, *Games Nations Play* (New York: Holt, Rinehart and Winston, 1981), p. 372.

(11) *World Development Report, 1980* (Washington, D.C.: International Bank For Reconstruction and Development, 1980), Table 1, pp. 110-11.

(12) Bauer, *Dissent*, pp. 60-64. Current life expectancies for all countries can be found in *World Development Report, 1980*, Table 1, pp. 110-11.

(13) Ludwig von Mises, *Economic Policy* (South Bend: Henry Regnery, 1979), pp. 78-80.

(14) Jane Jacobs, *The Economy of Cities* (New York: Vintage, 1969), pp. 3-48.

(15) Bert Hoselitz, "The Role of Cities in the Economic Growth of Underdeveloped Countries," *Chicago Essays in Economic Development*, ed. David Wall (Chicago: University of Chicago Press, 1972), pp. 61-67. Also see Fustel DeCoulanges ' classic *The Ancient City* (Garden City: Doubleday, n.d.).

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(16) P.T. Bauer, "Western Guilt and Third World Poverty," *Commentary* (January, 1976), pp. 32-33. A common belief is that foreign investment does not benefit the country as a whole but merely creates "enclaves" in which reside westerners and a few of their native cohorts. The evidence indicates that this is hardly the case. See Raymond Vernon, "Foreign-Owned Enterprises in the Developing Countries," *Economics of Trade and Development*, ed. James Theberge (New York: Wiley, 1968), pp. 446-463.

(17) See Nkrumah, p. 234: "The fact that United States miners earn an average of $2.70 an hour against the less than 10 cents average paid to African miners in South Africa makes it obvious how such super profits are achieved. No wonder Newmont's original investment in Tsumeb multiplied twenty times in value in the space of three years."

(18) In Harold Fleming, *States, Contracts and Progress* (New York: Oceana, 1960), p. 60. Jerome Slata's "Is United States Foreign Policy 'Imperialist' or Imperial'?" *Political Science Quarterly* (Spring, 1976), pp. 63-87 is quite valuable on this point. See especially pp. 81-84.

(19) Reynolds, p. 92.

(20) Milton Friedman, "Regulatory Schizophrenia," *Newsweek* (June 29, 1981), p. 65.

(21) Fleming, pp. 78-79; P.T. Bauer and B.S. Yamey, "East-West/North-South: Peace and Prosperity?," *Commentary* (September, 1980), p. 61; and Friedman, "Foreign Economic Aid," pp. 205-06.

(22) Friedman, "Foreign Economic Aid," p. 207.

(23) Bauer, *Dissent*, pp. 97-98.

(24) Harry Johnson, "Tariffs and Economic Development: Some Theoretical Issues," *Economics of Trade and Development*, ed. James Theberge (New York: Wiley, 1968), pp. 371-75.

(25) In Sowell, p. 381.

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REHABILITATING WATERSHEDS

By John Spears

Half of the world's population lives in or adjacent to mountain watershed environments and is affected by the way these are farmed. Rising human and livestock populations in developing countries, and the mounting pressure on scarce upland and forest resources, have led to major environmental degradation in the present century. They are the cause of much of the catastrophic flooding, drying up of perennial rivers, increased sedimentation of dams, and disruption of downstream agriculture frequently reported in the international press.

Studies have shown, for instance, that the denudation of water catchment areas has caused the flooding in the Indus River system in Pakistan to be far higher in the last 25 years than during the previous 60 years, and has led to serious silting of the dams and canals of Pakistan's irrigation system. The cost of repairing flood damage below the Himalayan catchments in India has been, on average, US$250 million a year in recent years, in addition to the loss of production and livelihood suffered by millions. While part of this damage is the result of natural geological erosion, much of it is attributable to excessive population pressure and misuse of land. Severe soil erosion has occurred in the Ethiopian Highlands, and in Java and the Philippines, where five million hectares of denuded, formerly forested watersheds are a source of increasing downstream flooding and disruption of agriculture.

The litany of examples could go on. They illustrate one fact: that as populations increase in developing countries, more and more people are forced onto land that becomes less and less productive. These marginal areas inevitably include the mountainous regions with their thin soils and fragile ecological systems that are particularly susceptible to abuse. Ironically, it is generally the poor who are pushed into these areas, attempting to survive on increasingly unproductive and eroded land without being able – or even knowing how – to prevent the degradation of their source of survival.

The only long-term answer to this problem is to reduce the number of people living off these marginal watersheds. And this could happen, eventually, if economic development could raise

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the productivity of land and provide more job opportunities in the lowlands. Once population pressure is lifted from the poorer mountainous areas, they can be maintained through sustainable agriculture, forestry, and small-scale industry – as hilly watersheds are being maintained successfully in Austria, Japan, and Switzerland. But the prospect of this happening in time to save the critically overused watersheds in most developing countries is dim. The degradation could be checked if the authorities were willing to move people out of endangered areas or were ready (and able) to spend the money needed to tackle the large-scale rehabilitation that is needed. The former is a politically difficult option. As for the latter, expenditure on watershed rehabilitation is usually shelved in favor of shorter-term development priorities.

Given a clearer perception of the negative consequences of ecological damage in watersheds and a political commitment to tackle the issue, there is, nevertheless, a lot that could be done now, at least to prevent the situation from becoming worse. Enough is known about appropriate farming systems, about soil conservation, irrigation, flood control techniques, and reforestation to justify immediate action to contain the current degradation. This article draws on the World Bank's experience to discuss a multifaceted approach to the rehabilitation and maintenance of watersheds. The key to containment is to improve the practices and productivity of upland farmers; these improvements must be accompanied by physical measures to minimize erosion and flooding and to rehabilitate the land.

Farming Practices

Watershed projects deal with people. Investment in flood control structures, reforestation, or soil conservation work will, in themselves, achieve little unless the farmers and herders residing in the upland catchment area are given the means to move away from ecologically destructive shifting cultivation. This practice involves felling forest over a very wide area and then cultivating for short periods, frequently without regard to topography or fragility of soil. Once settled in more stable communities, the people can adopt more intensive, sustainable farming systems. So investments in conservation have to be matched – and often exceeded – by substantial improvements in farming practices. Probably one of the most difficult aspects

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of designing watershed projects is how to achieve in practice this balance between giving small farmers the maximum opportunity to improve their incomes while arresting high rates of soil erosion.

In establishing appropriate farming systems for these areas, one of the main problems is frequently that excessive numbers of livestock are kept on the land. A strategy to reduce the density of livestock would aim primarily to improve the draught power and milk production of fewer and better quality animals.

Where a high proportion of the population in the catchment area is dependent on crop-based agriculture, the productivity of the land can be increased by improved cultivation practices. These may include plowing on the contour, preparing smoother seedbeds, sowing seeds in time on the contours, increasing plant cover, and using improved seed, fertilizers, and pesticides. On steep slopes where sheet erosion has to be arrested, farmers can be encouraged to plant fruit trees on the contour, to mulch them, and to interplant trees with legumes and pulses. In some places, fodder tree farming, bamboo plantations, or grasses, such as bhabhar grass, might be more appropriate. (Such activities can, in many situations, be undertaken by paid, landless labor.) This will reduce the likelihood of extending food crop production on steep, erosion-prone slopes.

Experience has shown that other factors are also important. These may include compensatory payments to farmers excluded from upland grazing areas; the timely provision of inputs such as improved seeds, fertilizer, and credit; the construction of improved access roads and feeder tracks; and the provision of social services — such as improved water supplies, schools, and health clinics.

The regulation of upland grazing and voluntary closure of rangelands, in particular, may frequently run up against sociological and religious attitudes, especially in Africa and Asia, which result in excess livestock being maintained relative to the carrying capacity of the land. Time is needed to change these. Experience with improving ranching practices also shows that herders need a clear demonstration that it is more profitable to keep fewer but better livestock. This may mean establishing more effective marketing systems or providing attractive savings mechanisms. Improved marketing systems introduced in Kenya in the 1960s successfully reduced stock pressure on marginal land in the Baringo and Isiolo districts of the northern

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region. Other elements contributing to the success of the scheme were the existence of stock routes (which minimize the risk of spreading disease), holding grounds to fatten the cattle, well-organized slaughterhouses, and meat marketing outlets.

Reforestation

It has been reasonably well established that in steep mountain areas of high rainfall, undisturbed natural forest provides the optimum catchment cover for protecting water and soil resources. The forest tree roots act as a sponge, releasing water gradually throughout the year, thereby ensuring perennial stream flow for farmers downstream, while providing optimum retention of nutrients and soils.

However, evidence from East Africa and elsewhere, where comparative studies have been carried out in upland catchment areas over relatively long periods of time, suggests that perennial tree crops such as tea, oil palm, rubber, or coconut can be almost as effective as natural forest — provided that their cultivation is combined with soil conservation measures such as terracing. The same is true for fast-growing forestry plantations, although care is needed not to crowd certain tree species, such as eucalyptus and wattle, which could shade out all ground vegetation cover.

The conventional wisdom that reforestation is needed to restore eroded catchment is not borne out by experience, at least in the developing world. Reforestation can be extremely expensive (upward of $1,000 per hectare, in 1981 U.S. dollars). If the main objective is to restore the vegetation to protect the soil and to regularize stream flow, a much cheaper solution may be to augment the natural regeneration with seeding of grasses, legumes, or low shrubs. Grass cover or low shrubs are particularly appropriate for conserving soils in semiarid areas and for ensuring maximum water yield, because evapotranpiration from tall trees is far higher than from grassland or low-canopy shrubs. Reforestation could be confined to gulleys where there is serious risk of deepening erosion unless early remedial measures are taken.

A strategy to use reforestation to prevent erosion would normally involve three concurrent activities:

* the re-establishment of vegetation cover in denuded areas;

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* the provision of fuelwood, fodder, and timber (for agricultural implements, fencing, house construction, and so on) of desirable species in sufficient quantity planted around homesteads or at convenient distances from villages where they will be utilized;

* the rehabilitation of existing natural forests (which have protective and productive functions) and the development of appropriate management plans and harvesting rules.

These objectives could be met by establishing nurseries to supply the trees, fodder grasses, and so on for planting. (The cheapest solution for supplying seedlings is likely to be to establish a number of temporary nurseries rather than a few permanent ones.) Plantations will be needed for soil conservation purposes and to supply fuelwood, fodder, and commercial timber. Improved stoves could help to reduce fuelwood consumption; fencing should be set up around protected forest areas; and tracks and access roads should be upgraded. The "socially" oriented forestry projects being funded by the Bank in upland watershed regions of countries such as Nepal and the Philippines incorporate such features. The project in the Philipines is noteworthy in that it introduced tree farming as a cash crop.

There are three main constraints on reforestation: local people are often unwilling to support long-term forestry investments (incentives and subsidies are a feature of many forestry programs); sufficient land is frequently not available for tree planting because it is urgently needed for agriculture (implying that trees may have to be planted along farm boundaries or around homesteads); and it is difficult to protect young trees from grazing and fire. In Niger, for instance, trees planted as part of a village woodlot program were rapidly destroyed because of uncontrolled grazing, inadequate consultation with local people, and an inadequate incentive program.

Further investments are also needed in most catchment areas to prevent erosion and flooding. A variety of cheap, technical measures has been developed, including construction of levees, bench terracing, run-off disposal drains, retaining walls, and farm ponds (to encourage improved water harvesting practices and stall feeding).

Flood control measures include the construction of cheap silt traps and headwater dams. Silt traps usually consist of suitably sited retaining structures not more than five meters

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high. Headwater dams are usually concrete or rockfill structures sited where the reservoirs have sufficient capacity to control short duration flash floods. Capacities of at least 150,000 cubic meters to 200,000 cubic meters are required for microwatersheds of about 1,000 hectares to provide significant flood control. A key issue is likely to be that of appropriate dam design. Dams for catchment areas of 1,000 hectares could be 15 meters or more in height and are major stuctures requiring specific civil engineering and hydrological expertise. In some situations, it is difficult to find such engineering capability in the project area.

Lessons

Organization and management probably represent two of the most complex aspects of any watershed project – mainly because the number of institutions involved in an integrated program is so large and also because the socioeconomic issues of how to ensure farmers' receptivity and involvement in the design and implementation of the project are so intricate. Many of the failures of past rehabilitation programs have been the result of technocratic approaches to planning that were implemented without adequate consultation with local people.

The Erosion Control Program in India, located in the Himalayan region, offers a good example of an attempt to ensure local participation in designing and implementing a watershed rehabilitation program. The program aims to establish, under existing *panchayat* legislation (*panchayat* being a village institution consisting of 9 wards), joint catchment area committees at the field level. Membership would include local *panchayat* leaders and representatives of the implementing technical departments. The functions of the joint committee would include coordination, communication, and assistance with the planning and implementation of project works. In practice this is proving difficult to implement because of the reluctance of officials working in separate technical agencies to coordinate their own programs and to delegate budgetary authority to the *panchayat* level. By contrast, in the Rasuwa-Nawakot Rural Development project in Nepal, good leadership and coordination of the technical aspects at the village administrative level have been a factor in the ready adoption of improved practices by the farmers. Significantly, response has

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been better in remoter areas where there has been more reliance on indigenous institutions and less central government direction.

Economic Justification

Every catchment area is different, with individual determinants of costs, but some generalization is relevant. The cost structure of five projects already financed by the World Bank illustrates the fact that agriculture, irrigation, farm improvement, and extension and training inputs often account for a significantly higher percentage of total project expenditures than do investments in soil conservation and reforestation. There is a tendency in much of the past literature dealing with watershed conservation to lay too great a stress on the role of soil conservation and forestry investments as an antidote to further ecological deterioration. An associated issue is the likely unit cost of effective catchment rehabilitation programs and their replicability. Very little research has been carried out in this area.

The benefits of watershed rehabilitation projects are both direct and indirect. They include general improvements in the lives of the people in the area, such as greater agricultural production and farm income; increased output of salable products from reforestation; and the restoration of existing forests. Rehabilitation indirectly increases the life span of irrigation and power works (mainly outside the watershed) by reducing silting. By reducing peak floods chiefly outside the treated watersheds, it can lead to diminished loss and damage to human life and property and to increased productivity of downstream agriculture. Finally, rehabilitation means conservation of the natural resources – mainly soil and water.

* This subject has been treated at greater length by the author in an article with the same name, which appeared in *Finance and Development,* March 1982 issue.

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INFLATION AND BUSINESS CYCLES FROM THE STANDPOINT OF PSYCHOLOGY AND SOCIOBIOLOGY

By Raymond B. Cattell

The science of economics is couched in terms of abstractions from human behavior such as business cycles, the Dow Jones index, marginal utility values, the gross national product, etc., which, though commendably measurable, are remote from anything a psychologist measures when he deals with actual people.

Nevertheless, economics is the behavior of people. Admittedly in terms of dependable scientific laws psychology has little more to boast about than economics, but, logically it is clear that economics is ultimately a branch of psychology — the branch of social psychology concerned with work and exchange value behavior. Consequently the absence of attempts to bridge from one science to the other is a deplorable expression either of shortsightedness or of despair that the immaturity of these possible comrades in arms would merely render their alliance a miserable farce.

However, in relation to a very concrete and urgent economic problem — that of inflation, recessions, and cycles — I propose to show what I firmly believe, as a psychologist, to be a point of real contribution of psychological knowledge, and one neglected by economists by reason, probably, of nothing more than the paper walls between academic specialties.(1)

This particular suggestion of a reinforcement of economic understanding begins with psychological propositions about (*1*) the population distribution of intelligence scores, (*2*) the latest estimations of the variance contributions respectively of biological inheritance and years of education to intelligence levels, and (*3*) experience in the psychology of vocational guidance.

As to the first, when we measure in units of *mental age*, defined by normal performance averages of children at various ages, the distribution among our adult population ranges from about 7 or 8 to the equivalent of 20 or more, as shown in the familiar normal distribution in Figure 1 (Cattell, 1971). Incidentally, since people tend to move within the circles of their

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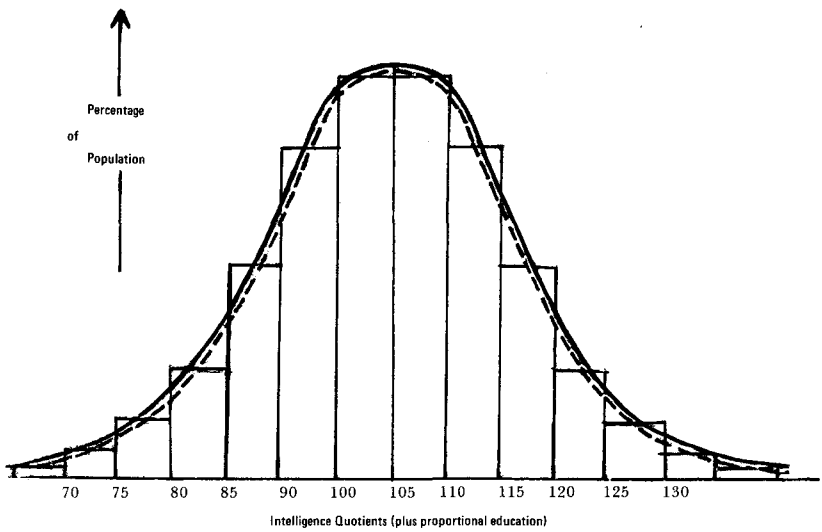

Figure 1 Equilibrium of Supply and Demand for Ability

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own occupations and classes, few realize the full extent of this intelligence range, which, if it occurred in, say, stature of adults, equivalently from 2 to 6 feet, would astonish them as they walked down any street. The politician in a democratic society is naturally not eager to stress these differences. Moreover, there are other gifts than intelligence – but in the economics of production no one hiring management and labor can afford to ignore *competence*, combined of intelligence and personality.

Now what I have called the theory of *bio-cultural dislocation*, and which lies at the root of the perhaps unusual inferences and explanations which follow here, is simply that the pattern of occupational demands (to supply people with what they want), and the pattern of biological supply of intelligence (and other talents) to get the necessary production, are independent. The demand of society for superbly able surgeons, for example, may outgrow the supply of individuals born with the necessary potential talents. The invention of electronically controlled equipment produces dislocation from the opposite effect, of putting out of employment, at least temporarily, persons who were only able to perform routine, simple operations. It might be that in a historical period of slow cultural change little dislocation occurs, but our special industrial and economic problems have undoubtedly arisen in a period of accelerating change.

When confronted with this conception of an inevitable maladjustment the educators, and, also, probably the majority of citizens, and politicians – yes, and of academic economists – assume that it requires only some new concentrations and emphases in education – notably vocation education – to remedy the maladjustment. The vocational guidance specialist with a sound knowledge of psychology knows that though programmers for computers may be in much demand, yet to draft students of, say, I.Q. 85 into colleges to train for such jobs will result in a very poor rate of success and an exorbitant educational expenditure. As stated, no psychologist supposes that intelligence is the only determiner. Our predictive equations take in such independent dimensions as emotional stability, general energy, etc., with weights depending on the nature of the particular job (Cattell, Eber and Tatsuoka, 1970). But since the predictors are generally little correlated, e.g. there is no tendency for the more intelligent to be less emotionally stable, the illustration of the problem by intelligence alone

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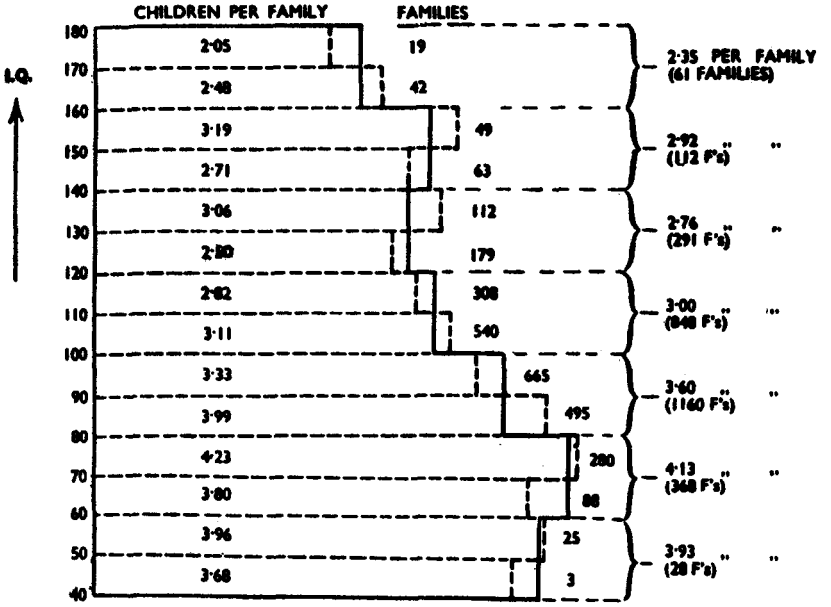

DIAGRAM I. .—Urban Area: Size of Family and Intelligence Quotient.

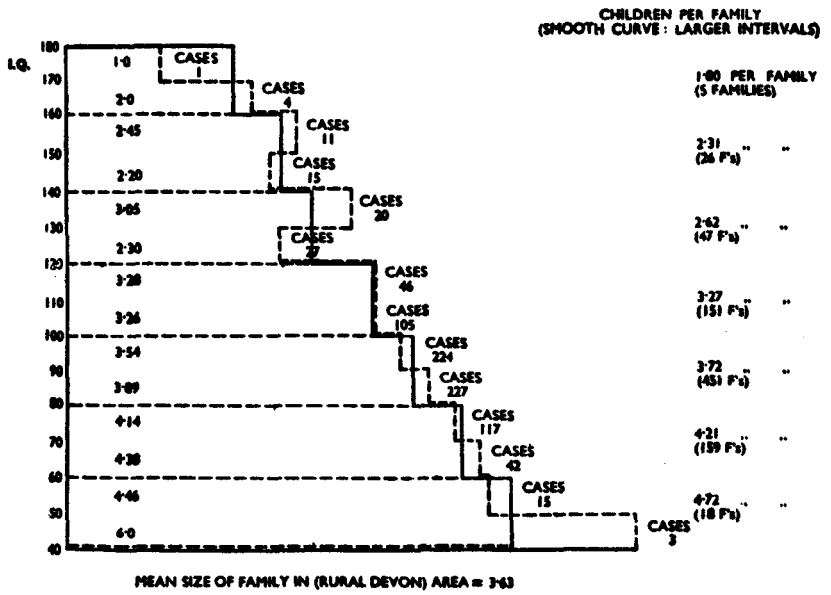

DIAGRAM II. —Rural Area: Size of Family and Intelligence Quotient.

Figure 2 Average Size of Family Related to Intelligence Level of Offspring

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will suffice.

The first reaction, especially in the pristine school teacher, after accepting that a vocational problem exists, is that we must therefore apply intensive teaching to raise the level of intelligence before applying the occupational training. The conclusion that one cannot hope for much in this direction, and that a substantial fraction of the measured population variance in intelligence comes from parental heredity is disputed by educators and "liberal" idealists among popular journalists, but it is the consensus of expert judgment of all leading researchers in the field of behavior genetics.

Actually, for the present analysis, it does not require that the mixture of native intelligence and education in producing "competence" should stand at any particular fractions. The perspective to be held is that we have in society a distribution curve of demand for competence at various ability levels and a distribution curve of human supply, and that these can get out of harmony from changes in either. If they depart from each other badly at any level, then, if in one direction, unemployment arises, and if on the other, an excess of need for services appearing at that level will raise rewards for persons at that level, possibly excessively.

The fact that technological changes in the curve of demand can cause dislocation is well known since the machine wrecking riots of the nineteenth century, and the more passive resistance of many workers today to technical innovations. What has seemingly escaped the economist's view of this problem is that changes can occur also in the curve of supply – and from other than a dearth of technical education opportunities. Birth rate changes at different levels in the intelligence continuum can affect the hereditary component in the distribution of competence, and though these slower biological changes seem to escape the attention of social scientists their effect over four or five generations could well account for some of the problems in low earnings, in persistent unemployment, and in distribution of goods, which bewilder them today.

Of course, the distribution of supply of human competence, in its genetic component, depends on *survival* rates (the difference of birth and death rates) and such tragedies as wars can carry off the more fit. But in normal times, and in a medical welfare state, it is the birth rate, not the death rate, that decides

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repopulation from different levels.

Now it has been documented since the beginning of this century, as shown by Fisher (1926) and others that the size of family raised, steadily reduces in passing from lower to upper social status groups, e.g. from unskilled to skilled to highly skilled and to professional occupations. Thus, what we know for certain is that there is a differential by social class, which may not be a selection by intelligence, and if one wishes to be conservative, he can say that this means at the worst that more children are born into the homes with poorer educational and cultural opportunities. *A priori*, and in the thinking of extreme egalitarians, it could well be that the real intelligence of the children born in the homes of unskilled workers is just as high as that of the children of parents in professional and managerial occupations. No one knew the answer to this around 1930 when Leonard Darwin, the son of Charles Darwin, supported me and certain co-workers in a first research to throw more light on this question by using actual intelligence measures. We took a complete cross-section of 10-year-olds in a city of 250,000 people, balanced by a sample from rural villages. Furthermore, we used the Culture Fair Intelligence Tests, which were then newborn, and which have since demonstrated, by equality of results when the identical test is used in many different countries, that they are indeed very largely free of cultural influence (Buj, 1981). The results were as indicated in Figure 2 (Cattell, 1937a) indubitably demonstrating the sad fact that indeed, *on the basis of intelligence itself,* there were more children being born with lower than with higher average intelligence levels.(2)

Like any conclusion in science this was properly subjected to critical attack from many directions. I fully recognized, in my book, (1937a), some technical defects in data, e.g. missing the completely childless marriages, the unmarried, and the dead (before reproductive age) but these should have relatively small effects compared to the gross difference of birth rate. The main calculation is contained in *The Fight for National Intelligence*, 1937 (since which there has been no repetition of investigation with culture fair tests) and it ended in the unhappy conclusion that there might be a one point drop in average I.Q. in 25 years. In some succeeding articles in the *British Journal of Psychology* (1937b, 1938), I took the hypothetical case of a community with a falling average intelligence

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quotient and predicted that there would be a slow increase in crime rate and in unemployment, and also a fall in school reading and arithmetic achievement levels. I pointed out that this fall would be so slow that we would probably take about two generations to become aware of its consequences – and I believe we can now say that in some parts of the world we *are* now clearly becoming aware of them.

Now the differential birthrate is a social phenomenon affected by many circumstances, and probably a dysgenic survival rate is present only at certain phases of history. There is every indication, for example, that in the Elizabethan period in England large families were the rule among the aristocracy. In any case, whatever differential survival occurred in medieval and possibly renaissance epochs was probably in favor of the more intelligent in that a differential death rate was probably the chief determiner. The spread of birth control and an increase in the differential birth rate (since the less intelligent and responsible did not use it) apparently come later, first to France, and was acting powerfully by the mid nineteenth century. It doubtless wrought some havoc partly responsible for what has since happened to France. But obviously today birth control among the more intelligent exists in all advanced countries. And unless capacity to restrict family is accompanied by a certain idealism about duty to the next generation, it can obviously produce results of a kind which we know occurred in the later days of the Roman Empire.

For reasons that I will leave the bureaucrats and politicians allotting population research funds to explain, the very disturbing results of the pioneer studies of intelligence survival have not been followed up with the comprehensive methods and samples that would leave no carping doubts, One or two studies have claimed the dysgenic trend is stopped, but as Vining properly points out these particular studies are on quite inadequate and unrepresentative samples, e.g. in a relatively well-educated Minnesota group, and in which the childless were included, there was no significant fall. But some other state of the U.S., and of the undeveloped countries, for example, are not culturally like Minnesota. It is true also, if one grasps at straws for complacency, that my own culture-fair survey, checked on a new generation of school children in the same city, 15 years later, did not fulfill my prediction of a one-

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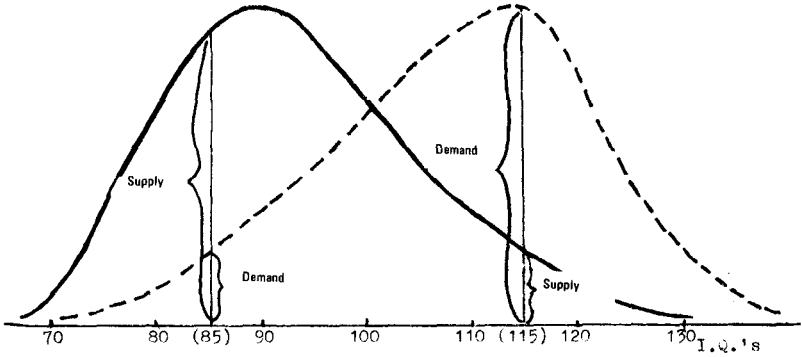
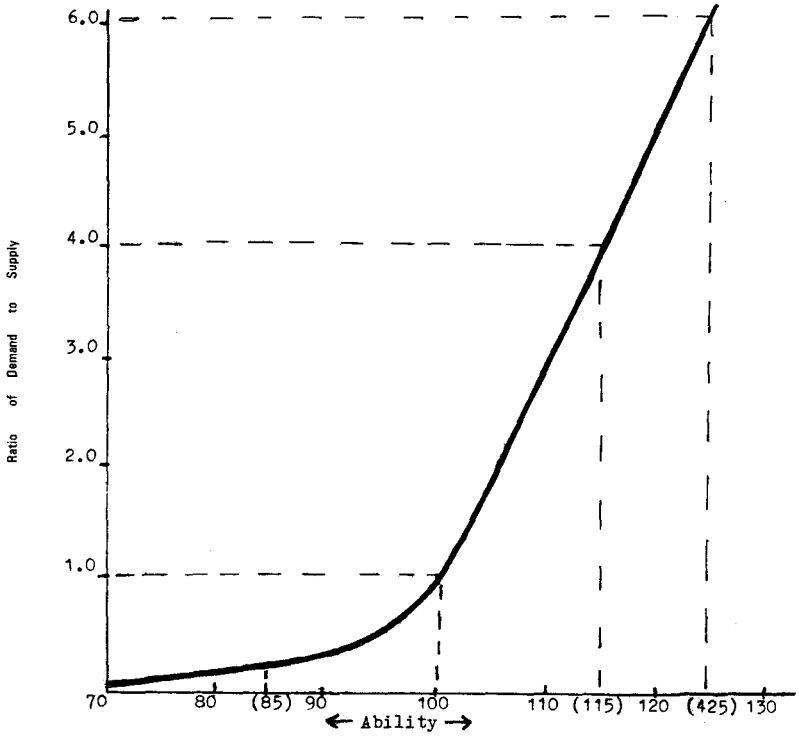


Figure 3 Dislocation of Distribution Curves of Supply and Demand



Ratios taken from Figure 2.

Figure 4 Ratio of Demand to Supply: Determiner of Income in a Free Market

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point decline of I.Q. But the interval included World War II, in which birth rates behaved abnormally. The fact remains(3) that in the first really substantial study since the early studies, Vining has shown (1982) that the trend *does* still exist, as checked on an adequate American sample. He predicts just about the same magnitude of decline as that reached by my earlier calculation. All we can say is that the matter deserves a very thorough investigation, with culture fair intelligence tests, and with comparisions with different social and ethnic samples across the United States.

This apparent digression into the sociobiological roots of the supply curve, covering intelligence inheritance and data on birth rates, is unfortunately necessary because of the heated, largely oratorical disputes it arouses. But, granted the basic issues are clear, let us return to economics. In doing so let us first consider what educational institutions can do to compensate for the source of dislocation in birth rates. By and large, the educational systems of the U.S.A., Europe, and elsewhere are effectively spending to get more of education, e.g. by colleges and scholarships, to those with the ability levels best able to benefit.(4) Thus the curve of supply which appears in Figure 3 is not simply that of the birth rate supply of intelligence, but of what might be defined as "intelligences invested in education to the level of maximum benefit." If this second educational component is a constant function of the first the distribution will remain essentially the same, though with the mean shifted to the right. This shift may be a palliative, but its existence does not alter the inexorable fact that with either an increase of cultural complication or a poorer supply of intelligence(5) a dislocation would appear in which, as indicated in Figure 3, the supply of people for jobs at the more complex levels will be short and that at the less intelligence-demanding jobs will be excessive. The result in a free labor market would be (and still, in any compromise, largely remains) that the individual of higher intelligence will be in strong demand and the subnormally competent will remain in low demand. In Figure 4 we have supposed (perhaps over-simply) that earning level will be defined by the *ratio* of demand to supply, though any other formula would not alter the general conclusion. When Ricardo ventured to suggest that it would be correct to judge a man's economic worth in this way, he was reminded by

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moral philosophers that there are other bases of evaluation, and, indeed, these variously modify even the economic relation, e.g. by welfare. Yet the framework, alike in Communist and Capitalist countries, within which the modifications operate, remains that higher wages are paid to the more skilled.

At the lower end of figures 3 and 4 the absolute value of earnings (the vertical scale being determined by affordable wages in society as a whole) becomes too low for anyone to live on; and civilized societies then resort to recognizing a class of inexorably unemployed, and to supplying welfare. Let us first exclude from this class those who become unemployed in bad recessions, and recognize that in many countries today there is a virtually *never* employed group called a "hard core of unemployed" and which the more outspoken hirers of labor frankly call the unemployable.

Psychologists have accumulated, e.g. through rehabilitation center studies, some solid facts about this group, and unfortunately, the facts are of a dismal nature that people dislike to hear. As pointed out above, a general incompetence is not to be described just by low intelligence. Emotional problems, a variety of psychological pathologies (especially "ambulatory schizophrenia"), effects of drug addiction, and prolonged alcoholism, prevail among the hoboes and the desperately poor. A parallel picture exists in the school, where roughly a tenth are released from school essentially illiterate, incapable of performing most available jobs economically at a minimum wage standard, and politically vulnerable to over-simple, exploitive slogans.

Now it may be, as many are now realizing, that as far as efficiency of production, fair exchange and dependable action of the market are concerned, the most effective machinery is a free market governed smoothly by adjustments of supply and demand. But although Ricardo had the courage to include the price regulation of human services and human beings in his definition of the market, both the ethical values of governments and the political maneuverings of workers and management have never accepted this. The distribution of earnings expected by sheer supply and demand, as shown in Figure 4, has always been modified, though never *basically* altered, in both capitalist and communist societies. It is modified by the progressive income tax, by the political strength of trade unions, by the

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economic manipulations of cartels and monopolies (private and governmental) and by charitable religious institutions coaxing money from the self-supporting to give to the poor. We venture no judgment on these, but consider them here only in regard to explaining the phenomena of inflation and business cycles. Some of the results of this interference with the basic necessity of rewarding what society most needs are obvious, and others are subtle. Among the second are the demoralizing effect on the more numerous (10%) borderline employable of the complete charitable support of the smaller group (2% to 4%) of permanently unemployable. Their desire to find a job is reduced by finding they can do virtually as well without one. Among the more obvious are the decline of enterprise in the managerial group on discovering, e.g. in Britain, that the progressive income tax makes stressful enterprise and risk-taking personally foolish.

However, we cannot expand here to include the psychology of occupational motivations and shall confine ourselves, as in our stated analysis, to ability distribution effects, though it is probable that the motivation distribution follows similar relationships. In following the application of the theory of dislocation of competence and demand distributions to understanding the central problems of cycles, inflation, the skewed distribution of earnings, and the chronicity of unemployment, let us begin by considering any industrial cycle to be in a boom phase. Then the demand for goods will be such that more people will become employed. There would then arise a positive feedback effect in the system at this point; for more people being employed means an increment in total community buying power. But more employment means mainly more dipping into the pool of the borderline competent, previously-unemployed group. Because the intermediate links in the connection would take a little space to demonstrate, perhaps we can take as common sense the principle that *the cost of a product of fixed quality (or the poorness of quality of a product at a fixed cost) must be increased when the average intelligence of people employed in producing it is reduced*. The main effect would be that cost goes up as the average intelligence of workmen and management is lowered. Numerous readers who have had experience even in, for example, the workings of a small office, when barely employable persons are taken on, at times when workers are scarce, will recognize that the productiveness of that unit gets appreciably reduced. There are surely enough

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actual business studies showing this, but if we do not think they are sufficiently controlled we can turn in psychology to experimental group dynamic studies of small units (Cattell & Stice, 1960) which show quantitatively the dependence of group performances upon the average level of various psychological traits in the members.

So far we have talked of changes in the average level of competence of the employed, particularly in the larger effect that it has at the lower end of the distribution. Next we must look at the much less explicitly documented and discussed effects of a mean shift at the upper tip of the distribution. We shall begin with the proposition that the productivity of any group depends more on the level of the *leadership* and the *managerial* employees, than that of others. The resource and inventiveness which may radically alter the cost of a product naturally depend on the inventive capacity and the foresight of top management. Indeed, some writers have made a case for the position that the level of productivity and the quality of product depend almost wholely on the intelligence and resourcefulness of *management*. They argue that the role performance of the less skilled worker varies little and can be taken for granted.

Certainly if we make comparisons across epochs and for whole societies it is true that, as Wells & Huxley (1930) and others have argued, the changes in general standard of living and volume of employment since 1600 have been due to the efforts of about 500 pure and applied scientists and inventors (Watt, Lavoisier, Dalton, Edison, Marconi, Röntgen, the Wright brothers) and very little to any increased capacity or conscientious- of the average man. On the other hand, though it would need special studies to assess the magnitude of effect from the average intelligence of the skilled and semi-skilled workers in a typical industry, one must differ from those assessments that consider it negligible. The evidence in, say, automobile manufacture, of thousands of faulty products being "taken back," (before foreign competition coused alarm and the laying off of some employees) might suggest that less selective employment of the main body of employees in a boom period *does* have a significant effect on the product. Nevertheless, one must surely accept the perspective of numerous insightful writers that the upper end of the distribution curve is extremely important. William James for example has written, "The wealth of a nation

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consists more than in anything else in the number of superior men it harbors ... Geniuses are ferments; and when they come together, as they have done in certain lands at certain times, the whole population seems to share in the higher energy which they awaken. The effects are incalculable and often not easy to trace in detail, but they are pervasive and momentous."(6)

Now the compulsory unemployment of the less competent during depressions has long been under the magnifying glass of discussion and documentation, but statistics on the unemployment of the gifted in boom times are hard to come by. Nevertheless, common observation witnesses that when times are good *some* members of the highest earning groups retire earlier than they otherwise might (betaking themselves to world cruises or the like), being now able to live as rentiers. Their joining the ranks of the unemployed evokes no newspaper clamor, but they nevertheless take with them their superior endowment and a lot of valuable experience.

Granted we lack data for precise evaluation of this falling out at the top during boom years, and can thus not estimate the magnitude of its effect relative to that at the lower end, we can yet conclude that the effect of both combined would be practically to bring to a standstill any decrease in the price of goods relative to the total earnings of the population. For, if trade unions demand the same wage for less efficient than more efficient workers and the former increase as a fraction of the total work force the price of goods and services will rise. In fact we would expect a switch to inflation, and therewith a reduction of buying, especially in the numerically large middle and lower earning groups. That reduction ushers in the recession and a slow increase in unemployment. A natural adjustment of earnings to the reduced demand for workers would reduce the swing, but so long as society has (through government expenditure) the charitable burden of a permanently non-fitting pool of unemployed, a complete rectification is not possible.

Obviously we have set out in the bio-cultural dislocation model here to study only one of several influences known to the economist to have influence on booms and recessions but our argument is that it is more fundamental than most. For example, economics concerns itself with both production and distribution, as well as with such factors extraneous to this main model as control, by the Federal Reserve Bank, of interest rates. If economists look at the model constructively they will

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build it into a multivariate system taking into account public confidence (or lack thereof, shown by gold prices), the rates of foreign exchanges, trade union wage-fixing, the rise of foreign competition, the tax structure, the control of prime rates as mentioned, etc., etc., which together determine the final outcome. Most of these I would argue are merely more immediately visible and that to pay sole attention to these influences operating purely in the economic area of discussion (as many economists do), is like a sailor watching a squall while ignoring the rising ground swell from a remoter source.

If the psycho-biological theory is fundamentally correct the cloistered economist's list of purely economic remedies will in fact turn out to have little success in simultaneously reducing inflation and unemployment. For by the present socio-biological model if the distribution of competence, in relation to increasing occupational complexity, is what we have stated, a reduction of unemployment is possible only by a sub-system of make-work projects outside the healthily functioning free market of wanted human services, or by a boom from temporary, superficial adjustments that is doomed to relapse into a new course of inflation.

If, as a social psychologist, I were asked to pass from a theoretical analysis to practical constructive suggestions — and indeed to suggestions consistent with the ethical values of charity to the disadvantaged, I should have to talk of a long term biological solution that would take at least a generation to accomplish. The basic solution I propose is one which our society has never dared to talk about realistically. It calls for explicit attention to means of adjusting the genetic balances in the population to produce a distribution of capacities readily educable to the demands of an increasingly complex society — technically, socially and politically. As to the last, it is probable that the remedy proposed is necessary also for the future of democracy — to save it from that relapse into dictatorship which percipient writers, from Plato to Bernard Shaw, have seen as its probable termination. Without space to pursue this political aspect, let it be said that the assumption that men are born politically equal must be supported by their being born more closely biologically equal than would result from the degenerative process in Figures 2 and 3.

To work our way to more than a makeshift solution we need

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some honest social and political thinking regarding the reality of individual differences in ability, and their degree of dependence upon genetic sources, followed by research on relative birthrates and present frequency distributions of supply and demand. As an alternative there is nothing but the wild idea of returning by a dictate to a simpler society, by calling a moratorium on scientific advance and preaching something like Ghandi's return to the home loom – which would bring us to borderline poverty everywhere. That is to say, in abstract terms, we would reverse the remedy suggested here and shape the distribution of technical demand to the distribution of genetic supply. Even if this, by some political weight of the unenterprising, were mandated, it would surely fail; for social evolution can no more be stopped than the stars in their courses. Indeed, the obvious probability of movement is in the opposite direction – toward an increasing complexity of culture in which the curve of demand for services will shift still more rapidly, toward occupations requiring more complex "know-how,"

Obviously education should do all that it possibly can to train the less than averagely gifted to accomplish these more complicated services. But the insights of psychologists who have thoroughly studied abilities, and their bases in behavior genetics, must lead to a new technology of teaching. For psychology as a science will be compelled to point out that those educators are totally unrealistic who argue, as we have instanced above, that the "demand bulge" in the distribution curve can be met by shifts in the competence distribution *through education alone*. Unless this generation of voters and leaders makes a radical shift in values toward acccepting individual genetic differences, and their cumulative effect , a socio-economic nightmare of increasing dislocation could lie ahead. And if in a mainly economic discussion, we may include not only occupational adjustment but the safe functioning of the democratic political system, and attention to our safeguards in national defense, we shall find additional arguments for our economic remedy. As Churchill said, in describing the "wizard war," the survival of Britain, and Western Democracy, hinged on their possession of the men of absolutely outstanding natural ability who invented radar and the like, and others who were big enough to plan a global strategy.

Present day journalistic writing unfortunately shows that the socio-biological view of economics, of inflation, unemployment,

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and indeed, as just said, of national survival itself, is likely to be too strange and disturbing for popular acceptance. Yet perhaps we may take hope from the fact that the American middle class and the ranks of skilled workers have already accepted an almost equally revolutionary change of viewpoint in economics. The new voices in economics, such as those of Hayek, Friedman and others have shown the fallacies in the more freakish parts of Keynesian imagination, not to mention the massive misconceptions of Marx. And since what is being pointed out here is in part a biological principle analogous to the free market, it may yet find acceptance in a reasonable time. That its ethics are much deeper than can be dismissed by a sneer at the straw man of "social Darwinism" I think I have shown elsewhere (1972).

The expression "eugenic adjustment" calls up for some sociologists a strange notion of all kinds of government interference with reproduction and family life. It connotes nothing of that kind. It calls for no government intervention, but only for the very same principles as operate in a free economy. If those who are happily able to cope with a complex society have children and those who are not do not, the problem is solved. The "ability to cope" is substantially shown by ability to afford one's children without demanding a subsidy from neighbors.(7)

I have ended on a practical – and also I believe an optimistic – note. But it is one requiring a long term – not a temporary – remedy for the economic ills with which we are afflicted. The central purpose of this paper has nevertheless not been only practical, but rather to bring into discussion a sufficiently precise, quantitative and testable theory linking economic principles with social psychology and biology. Psychologically it calls for further research on the educable limits, in terms of occupational demands, at various I.Q. levels; on the birth rates at various I.Q. levels; and on their inter-generational change, as well as on the proposition that the cost of a product in various fields will change with a change in the average intelligence of those working in that field. I venture to advance the "dislocation theory" because I think we already have a sufficiency of tentative answers to these questions necessary to support it. Economists willing to step beyond the academically prescribed boundaries of their subject may see possibilities of integrating this psychological model into the complex jig-saw puzzle which they seek to solve.

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FOOTNOTES

(1) Lest I be considered impatient in asserting neglect I must point out that the theory and virtually the same diagram for the model were put out in my books *The Fight for Our National Intelligence*, 1937, *Abilities, their Structure Growth and Action*, 1970, *Morality from Science*, 1972, and *Personality and Learning Theory*, 1980. Their being accepted as technically adequate by psychologists has counted nothing, however, in terms of inciting economists to look over the fence to see what psychology has to offer.

(2) I think it suffices to record here that the great majority of the life-long and leading investigators in behavior genetics – DeFries, Dixon, Eaves, Eysenck, Fisher, Fulker, Jencks, Jensen, Jinks, Johnson, Lindzey, Loehlin, McClearn, Noble, Osborne, Spuhler and Vandenberg – obtain figures between 50% and 80% for the fraction of observed intelligence variance in the population due to hereditary differences.

Actually, the exposition of results has become more complex through recent findings, without, however, affecting the conclusion in everyday terms. The complication is that through factor analysis and age curves we have come to recognize *two* intelligences – ***fluid intelligence,*** g_f (measured in culture fair intelligence tests) and ***crystallized intelligence,*** g_c (as measured in such traditional tests as the WAIS, contaminated with results of educational opportunity). Incidentally, general recognition of this difference goes back far beyond the beginnings of modern scientific investigation, for one finds in some laws of Edward I a differentiation of mother wit and acquired learning. And even in the shrewd estimation of the ordinary citizen, bereft of any psychological reading, there is a pretty clear distinction between "common sense" and scholarship. Indeed there is occasionally a belief that the second impairs the first! I once had a London landlady who described a visitor to me by saying, " He had evidently spent a lot of time at college, but he was not stupid!"

Incidentally the researches on heritability show, contrary to the expectations of many sociologists, that the differences of environmental experience and position among children *within the family* are more potent for intelligence scores than those between families. It is surprising that the different events in the lives of children within the family e.g. differences in gestations in the mother, accidents involving head injury, febrile diseases, etc., cause more variation from environmental effects than variation in cultural and economic levels *between* families, to which individual differences in school have often previously been too freely ascribed.

(3) The writer would have wished more recent data than that in Figure 2, but unfortunately it is not available, as indicated above, in the only form-culture fair tests of fluid intelligence, gf, in which we can escape the criticism that we are merely recording birth rate differences in relation to social status and education. There *is* a recent survey by Engelstad (1970), pretty complete except for omission of the large scale culture free test study in Figure 2. The studies he lists by Anastasi, Belmont and Marolla, on traditional, "education contaminated" measures of crustallized intelligence [some being discussed in earlier studies (Cattell, 1974)] and, he concludes generally that they support the persistence up to present, of an inverse family size-intelligence relation. The present writer would put support for an inverse relation on more largely innate contributions on the data (a) of Figure 1 (b) of the 400,000 Netherlands study by Belmont & Morolla, and (c) on the recent analysis by Vining (1982). The conclusion, briefly, would have to be that, presumably in Western culture generally (if we assume no pecularities in the U.S., U.K., and Dutch societies, he best measures we can get of intelligence still show family size inversely related to average intelligence of the offspring. However, this relation decreased markedly in the 15 years between the present writer's two studies, and on the very rough comparisons possible, is still less in families born in the period from 20 years ago down the last decade. (Vining's families are still partly incomplete, but his probably means the true

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estimate would show a somewhat larger inverse relation. in short, a couple of contradictory results on small samples (Cicirelli, 1967) cannot interfere with the conclusion from massive data that the negative relation is still with us, and that, except for any non-random effects from celibacy, sterile marriages, differing death rates and lengths of generations, the dislocation of distribution curves in arising from a pulling apart of both biological supply and technical complexity demand distributions.

(4) In a society well organized for equity and efficiency the amount and years of education would be still more fully adjusted to the native talents of the individual. When Napoleon changed the old order and insisted on "A career open to talents" he also took pains (in education reforms now little recognized, because so many think of him only as a general) to insure that polytechnics and schools arose directed to giving education proportional to talent, and this general principle has mostly been firmly held, as a democratically ideal principle, (if not always realized in a perfect practice) ever since.

(5) The notion that increased education is a substitute for poorer intelligence is false in many ways and especially when, as Churchill asserted of his own life, what one is tought in school is inapplicable to the changing world of one's mature years. Moreover, even in the three R's of basic education, the cost of bringing a child of subnormal intelligence up to the level of the average, is at least twice that required for the normal child – and this holds throughout the ability continuum. The biologically ignorant, easy generalizations of French Encyclopedists, as in Helvétius's "L'education peut tout" are still accepted thinking in archaic forms of liberalism. If we are to talk of economics, then the question of the optimum expenditure on education that a society should afford is part of the inflation problem.

(6) We have discussed the dislocation of the supply from the demand curve at the lower levels of complexity, but it behooves us to glance also at the production conditions at this upper level which James & Wells talk about in general cultural terms, but which is here discussed in terms of efficiency of management of businesses. As Fig. 2 has shown, the production of the more gifted tends to be precarious first in terms of sheer birth rate. If we wish to increase community wealth, in production and in ideas, we have first to remedy this. There is a secondary influence, however, little realized outside the circle of behavior geneticists, that could,over shorter periods, crucially affect the availability of high innate ability. If assortive mating, at the genetic level, decreases, due to certain social changes in marriage choice standards, then it can be shown that the number of I.Q.'s above, say, 130 level, is quite seriously reduced (Cattell, 1981; Vandenberg, 1978). Beyond these genetic considerations one must attend, of course, to the environmental contribution. In short it is important that these bright individuals get education and not be held back in a lock-step educational system. If here or at any point in this paper the reader feels that the genetic contribution is made more conspicious it is simply because "social reformers" have brought education to a high level of community expenditure but have studiously overlooked the need for equal social activity and care about the genetic sources.

(7) Capacity to earn is naturally not a 100% measure of real capacity defined as combined intelligence and emotional stability. Nevertheless if each earning couple adjusted the size of their family to their earnings and ability to support a family, the genetic situation would take care of itself. I think there is no doubt that this would definitely reverse the present dysgenic birthrate – provided it worked on the positive side too. That is to say the professional and managerial types would have to give up the "luxury" of one child families. The genetic goal would be one child families at I.Q. 90 and three child families at I.Q. 110. Between the ideal and its implementation doubtless there are many difficulties. But the basic and necessary condition is a shift of ethical values to include responsibility to one's "neighbor" in the *next* generation (who, incidentally, has no vote). As part of this we need governmental action reforming income tax to give larger child allowances, especially to

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families which have to support the heavy cost of having produced children bright enough for a college education. This increase in the birthrate of the middle and upper ranges – the ranges where there are going to be too few to meet cultural demands – is quite as important as reducing it in the lower ranges. But mainly we need education in the moral importance of maintaining birth control across the whole of society. But insofar as we seek to control the present economic problems by economic methods, we had better make up our minds to *begin back at the roots* – With economic incentives on births – rather than, as at present, to try to manipulate the last stages of the economic débâcle.

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HIGH FRONTIER: "THE ONLY GAME IN TOWN"

By Robert C. Richardson III, U.S.A.F. (Ret.)

Writing in the *Dallas Morning News* on 19 March 1982, Gregory Fossedal best summarized High Frontier's major military recommendation:

> It is a document that may do for Ronald Reagan's military thinking what Jude Wanniski and the Laffer curve did for his economics. It does what the Pentagon apparently has not: fit the new technologies of space and lasers into a military strategy.
>
> The doctrine, named High Frontier, envisions a network of 432 killer satellites orbiting the globe, capable of wiping out Soviet missiles as they are out of the silos. Combined with an anti-missile defense system, High Frontier would at least guarantee a U.S. second-strike capability regardless of further Soviet buildup, and *might* transcend the whole Mutual Assured Destruction approach with a strategy of Assured Survival.

President Reagan has a historic opportunity to achieve the Margin of Safety for United States' national security that he declared to be one of the goals of his Administration when he was elected in 1981. Not only can he close the "window of vulnerability" within the next three to five years, but in the process he can reestablish a valid deterrent to Soviet nuclear aggression and do this at a cost that the U. S. can readily afford, namely within currently planned and programmed defense spending. It is the purpose of this article to trace the story of "High Frontier", what it is, and how it all came about.

The year 1982 is shaping up as a decisive year for the Reagan Administration. Decisions will have to be made on how to cope with such major national security issues as: the B1 bomber; the future basing of the MX missile system; how to deal with the growing Soviet strategic nuclear threat and what to do about the less publicized, but more dangerous on the long term, Soviet threat from space.

Finding solutions to these problems from a purely military point of view is no easy matter. Solving them in the face of a growing anti-nuclear campaign aimed at obtaining a nuclear

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freeze and possibly a US commitment to non first use of nuclear weapons, especially in NATO, greatly limits politically acceptable options. The high U.S. debt and continuing need to restrain inflation preclude solutions that call for merely throwing more money at defense than is now planned or programmed. And, as if these constraints were not enough, worldwide non-military problems with longer term national security overtones or implications are multiplying at an alarming rate.

Watching the present Administration trying to cope with problems outside the defense sector one conceives of the legendary Dutch boy running madly up and down the dike sticking his fingers in holes over which he has little or no control and where at the very best he can only hope to delay the leakage. Snowballing debts to U.S. banks in the Third World, Latin American and Eastern European countries; refugees pushing down American doors to get in; hunger and starvation in Africa and Asia; the continuing and apparently insoluble conflict in El Salvador and in the Middle East; and a public malaise at home and in Europe over the prospects of nuclear war; all look to American leadership for solutions. Meanwhile our heavy dependence on vital resources from these many disturbed and fragile areas, coupled with Soviet-instigated mischief whenever and wherever the opportunity exists, aggravates these conditions.

While President Reagan and his principal aides have been doing their best to plug the holes in the foreign policy dike, and to stem the tide of disruption and crises that threaten the longer term economic and social well-being of both the U.S. and the free world, no one has been building a new dike upstream — one that we can control and that offers the prospect of relieving the pressures on the old one by solving many of the problems simultaneously.

Why It All Came About

None of 1982 problems of the U.S. are new. The shifting strategic nuclear balance and the problem of MX basing have been around for several years. The conventional imbalance in NATO has existed since WWII but was tolerable until the loss of U.S. strategic superiority, what Churchill once called the U.S. "umbrella," established a new requirement to close this gap or accept local and overall military inferiority. Military leaders

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had warned the Congress and the American people throughout the 1970s about the declining effectiveness and combat sustainability of U.S. forces. The volunteer army was not producing qualified people; bombers, ships, missiles and tanks were becoming old and obsolescent; training, flying time, and spare parts were starved year after year due to inadequate funding; and the U.S. mobilization capacity was practically non-existent when President Reagan took office.

Even the anti-nuclear movement is not new. It came in with the Kennedy-McNamara Administration. McNamara had planned to denuclearize NATO in the early 1960s until premature publication of a Rusk Memorandum, naively announcing this, alerted our NATO allies and raised a storm of protest that pulled the rug out from under this unilateral disarmament scheme. The non-military problems had also been around for a decade or more when President Reagan inherited these from his predecessors. With the possible exception of the timing and intensity of today's nuclear freeze crescendo and the slowness of the economy to respond to Reaganomics, all these problems have been studied and debated since the mid-1970s or before. There were plenty of proposals around with respect to what should or might be done to solve most of the major problems the U.S. faced. When the Reagan Administration took office, there was no need to restudy these. Professional journals were full of recommendations, on all the issues, and the archives and Department files contained staff studies and "Think Tank" papers covering all conceivable solutions. What was clearly needed in January 1981 was not research into the obscure but an elucidation of the obvious, reinforced by the Presidential leadership and the bold decision-making necessary to implement the many sound solutions already defined.

During the late 1970s numerous pro-national security groups watched the U.S. defense posture deteriorate at an increasingly rapid rate under the economy and arms control policies of the Carter and prior Administrations. The unilateral cancellations or stretchouts of almost all research on advanced technology weapons, especially in promising new areas such as military space and anti-ballistic missile systems, encountered few if any objections when first initiated in the 1060s. These were mostly classified research efforts in their early phases and hence were of little public interest given the Vietnam environment at the time. The true impact of these cancellations, along with the

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deferral of modernization programs for existing strategic systems (such as new bombers), and the underfunding of defense in general, year after year, did not become apparent to non-expert observers until the 1980s. Few in those days, or even today, understand the long lead times involved in defense weapon procurement — a lead time that now averages 13 years for most major new systems. Thus the mess that President Reagan inherited in 1981 in the defense sector was largely the product of decisions made from five to fifteen years ago. From this it is also apparent that any corrective actions involving new "hardware" cannot hope to right this situation in less than five or more years, no matter how much priority and money were allocated to such efforts.

The SALT debate in 1979 and 1980 in effect "blew the whistle" on the giveaway of our national defenses that took place in pursuit of the dream of arms control and of Peace Through Law, Trust and Treaties. The dangers in this approach to U.S. security became all too apparent when the Soviets showed no inclination to respond in kind but merely took advantage of detente and of U.S. political aspirations for arms control to forge briskly ahead in pursuit of strategic nuclear and of that overall military superiority which the U.S. once used so effectively against them — as when President Kennedy told them to remove their missiles from Cuba in 1962.

By 1981, long term U.S. security demanded a return to a policy of Peace Through Strength, and heroic measures to close the "window of vulnerability" that appeared likely to open up by the mid-1980s. The defense studies and debates of the 1980-1981 era led to several basic findings that suggested what could and could not be done to accomplish this. Principal among these were:

> That raising existing U.S. forces to minimum acceptable levels of modernization and combat effectiveness would require massive increases in defense spending, mostly in the operations, maintenance and pay accounts. This would aggravate near term federal deficit problems. In retrospect, the funding for this alone absorbed all of the 1.6 trillion dollars programmed through 1985 by the new Administration thus leaving little or nothing with which to buy more U.S. strength in order to counter the growing Soviet threat, close the strategic nuclear gap, and cope with the anticipated window of vulnerability.

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That the normal evolution of U.S. defense systems and strategies towards the fullest exploitation of the products of technology had been badly perturbed, if not altogether arrested, under the policies of the past twenty years. This had all but precluded evolution into cost effective new atomic, space, and antiballistic missile systems. Technology in these areas had progressed, but denial of its use increased the cost of U.S. security by obliging the military to adopt less desirable alternatives. Development and deployment of new, exclusive, U.S. advanced technology nuclear delivery capabilities was all but stopped.

That historical precedent and sound military logic made it clear that any nation, or group of nations, that were able to seize and control access to the high ground of space would thereby achieve decisive military superiority on earth. The Soviets clearly recognized this and are seeking to achieve a capability to deny U.S. access to near space, for military or civil purposes, while being free to enjoy access to the U.S. from space with impunity. Therefore, unless the U.S. reacts in timely fashion to this new threat all other investments in U.S. national security could become worthless regardless of treaties, agreements, or the nature and size of these other investments.

These three basic findings, along with lesser conclusions, made it quite clear that the road to recovering the "Margin of Safety" desired by President Reagan lay in the direction of exploiting U.S. technological leadership in those areas wherein political and arms control constraints had denied progress and in effect backed up technological potential. This we termed a "technological endrun approach" with the main thrust being in space and active defense systems. At the same time the economic and political situation made it clear that competing with the Soviet Union for military equality, let alone superiority, through what amounted to a tailchase to catch up in quantities and qualities of existing and classic weapons and forces — building more bombers, more ships, more tanks, more missiles, etc. — was costwise if not timewise out of the question. The U.S. not only could not afford an arms race in conventional mass, in all defense sectors and at all likely points of engagement, but the policies of the 1960s and 1970s had resulted in our losing our defense production momentum while the Soviets had steadily increased theirs. They have ongoing

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intercontinental bomber and missile production lines while we have not, so our starting point is not equal, as we would be starting literally from the cellar with all that this implied both costwise and timewise.

High Frontier Is Born

By mid-1981 the question of how to recover U.S. military strength was no longer academic.

From a political point of view the prospect of facing the electorate in 1984, having converted the slight U.S. strategic inferiority inherited in 1981 into a perceived six or eight to one inferiority in less than four years was not attractive to the Reagan Administration given the Republican platform mandate to recover U.S. military superiority and the President's promise to provide a Margin of Safety. Regardless of the bold pronouncements still being made by politicians, and by most anti-defense elements, to the effect that the U.S. is still "number one," or that the U.S. can still defeat the Soviet Union regardless of relative force levels, the fact remains that the concerned voter will look at the 100 new MX missiles now programmed, subtract the 54 Titan missiles to be retired and compare this with 600 to 800 Soviet SS18s plus their new mobile Soviet SS16s. If we take a further look at the 100 U.S. B1s now planned versus the 800 or more Soviet Backfire bombers the Soviets will have by 1984, and at forecast inventories of U.S. versus Soviet ships, tanks, and submarines, the conclusions on relative strength that the average citizen will draw are abvious!

By the fall of 1981, it was clear even within the Administration that money alone was not going to solve the President's defense problems. As much money had been allocated to defense as was politically acceptable and economically prudent. Yet this would accomplish little more than bring our forces up to par combat effectiveness and combat supportwise. No additonal build-up of any consequence had been financed, since the new systems authorized, such as MX and B1, were long overdue modernizations for existing weapon systems.

Not only had no additional military strength been acquired, but no changes were made in defense strategy in 1981. While the effectiveness of our forces has been greatly improved by the additional defense funding, the immoral and discredited concept of Mutual Assured Destruction (MAD), which has been

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verbally eschewed not only by Reagan but also by his predecessor Carter, has not been replaced. Representative John Rhodes, a senior Republican and former House Minority Leader, made this point in a speech in early April 1982, wherein he critized the Reagan Administration for not having changed either the military or economic premises of the defense budget.

Clearly there was and still is a requirement for some new thinking about U.S. defenses. Someone had to come up with a new strategy – new premises – that could credibly restore U.S. military strength by the mid-1980s and do this in a technologically-feasible, militarily-valid, fiscally-responsible, and politically-acceptable way. The defense bureaucracy, Joint Chiefs of Staffs, and military services have shown neither the inclination nor ability to do this. All they have called for so far is more money with which to pursue the bankrupt strategies and policies inherited from prior administrations. This situation left the stage open for independent defense experts, seeking neither appointments nor contracts, to advance an acceptable solution.

It is probably fair to say that debate over SALT II gave birth to the concept of High Frontier. The hundreds of speeches made advocating non-ratification of the SALT Treaty frequently elicited the question: "If SALT is defeated, and a policy of Peace Through Strength were adopted, how could the U.S. best reestablish the strategic superiority this policy called for?" In order to respond to this question convincingly, defense experts researched all the many proposals and alternatives. Meanwhile, as time went by, the Republican platform accepted the Peace Through Strength goal, and this was adopted as Administration policy.

In the summer of 1981, Lt. General Daniel Graham, a retired U.S. Army Officer who had been Director of the Defense Intelligence Agency under Secretary Schlesinger – and was at that time a Co-chairman of the Coalition for Peace Through Strength – outlined a proposed new strategy in an article published in the summer edition of the *U.S. Strategic Review.* It argued that a strategy of Assured Survival could be implemented in the early 1980s, if a Presidential decision were made to develop and deploy the anti-missile (ABM) and space defense systems needed.

The Graham proposal in effect offered an affordable method for the timely achievement of the desired U.S. Margin of Safety,

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plus numerous fringe benefits for the U.S. in foreign policy and future economic growth. There was ample precedent for researching this new approach. Past U.S. strategic superiority had been primarily based on technological endruns rather than on superior military mass. In the same issue of the *U.S. Strategic Review*, the present author pointed out (in an article on NATO) how General Eisenhower had solved a similar dilemma in 1952 by substituting strategic and technological innovations for the inability to match Soviet conventional strength. This made clear the military practicality and cost effectiveness of a technological endrun approach to closing power gaps between nations.

While many good ideas are published, read, and ignored, the Graham proposal struck a responsive chord with a few distinguished American policymakers and Presidential advisors. This led to an effort being undertaken to formally validate, especially from the point of view of technological feasibility, the strategy proposed in the article. This had to be done before it could be seriously considered for adoption since the strategy of Assured Survival it called for was heavily dependent on a spacebased anti-ballistic missile weapon system, a capability that had not been carefully examined in recent years due to the anti-ABM treaty and its incompatability with the MAD strategy which demanded no effective defenses. Spacebased ABM possibilities had been pursued in the early 1960s under a project called BAMBI, but were dropped under McNamara partly for policy reasons and partly because the technology at that time did not make it a cost-effective prospect.

As a result of the Graham article and of lectures on the strategy of Assured Survival it was decided to bring together the experts that had worked with Graham to elaborate it along with outside consultants and aerospace industry scientists and engineers for a quick, four months-evaluation. This was done in the fall of 1981 under the auspices of the Washington-based Heritage Foundation and with funds from independent donors who were concerned about U.S. national security. The results exceeded expectations.

What High Frontier Calls For

In its final form, High Frontier recommends a crash program to reestablish U.S. military strength by building a layered defense consisting of both an inexpensive point defense system

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called Scramjet for our missile sites and a satellite-based Global Defense Ballistic Missile (GBMD) defense system for the U.S. as a whole.

In addition High Frontier calls for a bold Reagan non-military space initiative which would go hand in hand with the above defense effort due to the common core technologies involved. Such an initiative would not only guarantee long term U.S. security from any Soviet efforts to control access to space but would also provide a great and well documented potential for U.S. economic growth and for the resolution of many major intractable non-defense problems such as future energy supplies and access to critical materials. This would be the new dam upstream referred to earlier.

Clarence A. Robinson, writing in *Aviation Week and Space Technology*, on 8 March 1981, listed the military systems that would be developed were High Frontier accepted as U.S. policy as being:

* An initial point defense for Minuteman silos. The point defense system could be deployed within two or three years and would be composed of a range-only radar at each silo location and box launchers armed with high-velocity small projectiles known as swarmjets. Each box launcher would contain approximately 1,000 swarmjet projectiles fired to form a barrier to intercept incoming nuclear-armed reentry vehicles at a slant range of approximately 1 km. (3,281 ft.) using kinetic energy to destroy the reentry vehicle. The estimated cost to defend a single silo is $5 million, or approximately $1 billion to protect 200 ICBM silos from attack.

* First-generation spaceborne missile defense system deployable within five or six years. Each satellite in the system would weigh less than 5,500 lb., and each would be armed with approximately 50 infrared-guided miniature homing vehicles based on the Vought Corp. antisatellite device developed for the Air Force. The spacecraft would use electro-optical sensors to detect and track Soviet ballistic missiles and fire the miniature interceptors to engage targets in the boost phase of flight, before reentry vehicles could be deployed. The system would require 432 of the spacecraft, with approximately 100 always in position to cover the USSR. The estimated cost for this layer of defense in $13.2 billion, including the cost of the MX booster to place each station in orbit.

* Second-generation space-based defense system deployable

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within 10-12 years. This layer of the overall defense would provide still another picket line to destroy those Soviet ballistic missiles that pass through the first-generation system during the boost phase. The second layer would intercept targets as they near the apex of the trajectory and could be composed of advanced technology weapons such as high-energy laser or particle-beam battle stations.

* A small utilitarian manned military space control vehicle deployable within six to eight years. The "Space Plane" would be placed in orbit using the space shuttle carrying up to four of them in each payload. The vehicles would be used to inspect and maintain spacecraft, or as a space tug.

* A civil defense program of sufficient scope and funding to take advantage of the proposed active defenses and add to U.S. deterrent through passive defense.

Implications and Prospects

The High Frontier proposal for a layered defense, including a space based component, has had extensive publicity. The results have been most encouraging in that *no* substantive objections have been raised to the concept. The High Frontier approach is: (1) purely defensive, "It proposes to protect Americans instead of kill more Russians"; (2) non-nuclear dependent, "It not only does not require nuclear warheads but will set the stage for future reductions in offensive nuclear forces;" and (3) arms control and stability prone, "It substitutes Assured Survival for Assured Destruction thus reducing the balance of terror psychology." Even the arms control advocates and anti-nuclear elements have *not* attacked the proposal to any great extent. This indicates to us that the High Frontier strategy is politically and morally acceptable as well as militarily sound.

The President will no doubt soon have to make a decision on MX basing and survivability if the U.S. is to retain funding for the program in FY83. It is also quite clear that any sizeable additions to the FY83 budget are out of the question, along with increases beyond those currently discussed for FY84. The options for MX survivability are minimal. Deep-hole basing would require additional funding; will do nothing for Minuteman or Bomber survivability; and has so far been rejected. The costs of aircraft for airborne basing and subsequent

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operating costs under this solution would seem to preclude its adoption. Furthermore, it also would do nothing for the survivability of other U.S. forces and systems.

The President has always retained in all his statements the option of active ABM defenses to protect not only the MX but also other forces. A quickly deployable non-nuclear point defense may turn out to be the only way to salvage the MX program. If space-based defenses are added they would also protect non-military targets in the U.S. and make a minimal civil defense program cost effective. If the U.S. deploys a system able to intercept a majority of Soviet ICBMs it would have restored the strategic umbrella, even if eventually the Soviets match that capability. This in turn would take the pressure off both the need for deploying additional nuclear weapons in Europe and for investing in additional conventional forces. Further, a capability to deny the Soviets a confident first strike option restores most of the deterrent value of all our nuclear forces.

Assuming the Soviets were to build their own effective point and space-based ABM systems the U.S. would have at least reestablished an acceptable and more stable strategic balance. The first strike threat and the balance of terror would be eliminated.

Conclusion

In our opinion, High Frontier can put America back on the right track and do this in an affordable and politically acceptable manner. The plan appears particularly timely in light of the growing anti-nuclear war sentiments and the fact that High Frontier does not call for any additional nuclear weapons. Instead of building more offensive nuclear weapons it would solve the defense problem by emphasizing space based conventional defense, and could even lead to subsequent reductions in offensive systems since these, once assured protection from a Soviet first strike need only be deployed in the numbers required to accomplish their assigned military retaliatory effort regardless of the number of Soviet missiles. It could also advance arms control efforts by making the U.S. secure from Soviet nuclear devastation regardless of verification of agreements, thereby removing a major obstacle to these.

On the non-military front the Solar Powered Satellite devel-

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opment advocated in High Frontier has been under study by NASA and the Department of Energy for the past three years and has the potential of providing a significant portion of the world's energy needs in the years ahead. The NASA-DOE studies made thus far have been unable to detect any harmful threat to the earth's ecology from such a system. It would beam energy from space to our planet with microwaves that can be picked up only by special antennas that transfer the solar power into electric power.

In addition to solar energy, High Frontier lays out a whole promising array of other peaceful uses for space, including a number of intriguing medical, scientific and commercial applications which could have a profound effect upon our economy.

What Congress now must do is face up to the hard decisions that must be made if we are to (1) recover the margin of safety Reagan has promised and (2) put the economy on the high road to greater prosperity which the President also pledged.

These hard decisions are mainly political, not monetary or even military. Congress and the Administration must decide whether to commit themselves to the policy of Assured Survival outlined by the High Frontier, before becoming irrevocably locked in with the failed policies of the past. The concept of a High Frontier defense system proposes to meet the Soviet threat not by building more offensive nuclear weapons with which to kill Russians, but by building effective new defense weapons to protect Americans. Politically-speaking, given today's anti-nuclear attitudes, and the growing Soviet threat, it is the only game left in town!

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THE DEFENSE OF EAST ASIA

By Donald J. Senese

East Asia is a densely settled area containing by far the heaviest concentration of the world's population. While representing, also, one of the major centers of population growth, the region is nevertheless one of considerable economic prosperity, and this, combined with its strategic location, has made it an area in which superpowers are currently vying for control.

The electoral victory of President Ronald Reagan in the United States has been favorably viewed by Asia's non-communist nations as a sign of hope that there is a new mood among the American public for a strong United States determined to meet new economic and political challenges with signs of a greater interest in the Asian region.

This view has been reflected not only by leadership in Japan, South Korea, and the Republic of China but by the leadership of one of the most important blocs in Asia, the Association of Southeastern Asian Nations (ASEAN) – Singapore, Thailand, Indonesia, Malaysia, and the Philippines. Events and shifting power alliances in Northeast Asia will exercise control over those smaller and less powerful nations of ASEAN. Although the leaders of ASEAN are unlikely to ask the United States to reestablish military bases in the region, some of the leaders, most notably Prime Minister Lee Kuan Yew of Singapore, believe the United States may emerge from its post-Vietnam syndrome and serve as a counterforce to both the Soviet Union and the People's Republic of China in Southeast Asia. The problems in the area of defense are of particular concern to the ASEAN nations as well as Japan, South Korea, and Taiwan: 1) the presence of Vietnamese troops in Cambodia (Kampuchea); 2) the growing dependence of Vietnam on Moscow; 3) North Vietnam's control over Cambodia and Laos; 4) growing Soviet naval activity which may lead to permanent port facilities in Vietnam; and 5) continued hostilities between the Peoples's Republic of China and Vietnam.(1)

The Post-Vietnam Vacuum

The withdrawal of the United States forces in Vietnam and

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the fall of Vietnam to the communists left feelings of insecurity among the ASEAN nations and concern over a power vacuum in the region. Ever since the fall of Saigon in 1975, the ASEAN nations have been increasing their military spending. While previous military spending had been limited to that necessary for counter-insurgency operations, there has been an increasing shift toward buying military equipment which would increase both domestic and regional security. This tendency has received encouragement by the efforts of the Reagan Administration to increase U.S. defense spending. While a military pact among the ASEAN nations seems unlikely at this point, since it would be merely an alliance between militarily weak states providing more symbolic than deterrent value, there is a greater stress on each ASEAN country strengthening its own armed forces. Since that critical year of 1975, U. S. military aid to ASEAN, mostly in the form of concessionary military sales credits and some grants, increased two and a half times compared with the first half of the 1970s (US$327 million to US$820 million) and ASEAN military expenditures totaled $5.5 billion in 1980. This $5.5 billion represented not only a forty-five percent increase over 1979 but an actual doubling of expenditures over those of 1975.(2)

The ASEAN nations have been exercising a number of options to fill the post-Vietnam vacuum. Activities have included joint exercises between Indonesian military forces and those of other ASEAN states, joint participation in a U.S. Air Force training program by Singaporean and Philippine air force pilots, and exchanges of military information and intelligence, officer training exchanges, joint naval exercises, standardization in logistics and some arms transfers. The only actual military threat that has taken place against any of the ASEAN nations has been the Vietnamese incursion into Thailand (i.e., in June of 1980) and the continuing presence of Vietnamese troops on the Thai-Cambodia border. The balance of power does not favor the ASEAN states which have a total (1980) of 658,000 troops compared to the over one million troops possessed by Vietnam alone. Prime Minister Lee of Singapore noted that he had to make "the first unhappy admission" that for at least the last ten years there was no combination of military forces in ASEAN that could stop or check the Vietnamese army in any open conflict.(3)

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Thus the ASEAN nations, which had put together their alliance in 1967 for non-security objectives (e.g., emphasis was on economic growth, social progress and cultural development in the region), revealed a growing concern with a power vacuum in the area and perceived a steadily growing threat from the Communist powers. Overall, the United States maintains bases in Southeast Asia in the Philippines, and any withdrawal of U.S. military bases from the Philippines would not only concern the Philippines but send shock waves through to the ASEAN nations. Even the newly developing relations between the United States and the People's Republic of China send uncertain signals to ASEAN. While China is opposed to the Soviet-influenced Vietnam, nations such as Singapore and Thailand welcome an increased role for the Chinese Communists in the region to provide a balance of power. However, Malaysia and Indonesia, more aware of problems with their relations with China in the past, view China as the greater threat to their stability in the long-term. The ASEAN nations are likely to continue with greater bilateral cooperation in logistics coordination and ground-troops integration during military exercises, a view laying the basis of multilateral military cooperation. In addition, ASEAN will move toward greater standardization of sophisticated weaponry, especially combat aircraft and field and infantry armaments.(4)

The ASEAN nations view their future as closely tied to any increased role the United States may play in Asia (particularly with U.S. increased defense expenditures and willingness to take a more active role combatting Communist moves) and the strength of the non-communist nations of Northeast Asia. A recognition of the new challenges in Asia came in the summer of 1981 when President Chun Doo Hwan of South Korea shifted away from Korea's traditional concentration and involvement in the affairs of Northeast Asia in order to undertake a tour of the ASEAN capitals seeking increased political and economic ties. President Chun became the first head of state in Korea to undertake such a journey. His visit emphasized the significance of maintaining the security of Northeast Asia by closer ties with the non-communist ASEAN nations of Southeast Asia.(5) The trip was interpreted as emphasizing that the peace and security of Northeast and Southeast Asia were interrelated and the need for solidarity between the non-Communist nations

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of Asia at a time of increasing Soviet presence in Indochina.(6)

Asian Suspicion of the PRC

While the Soviet threat has been highlighted by the Vietnam-Cambodia issue, the ever-present threat and suspicion of the People's Republic of China still remains an issue related to the regions's defense. The continuing suspicion of Communist China's aims and objectives in the region was highlighted by the debate over the Cambodian issue in the United Nations in July: the PRC took a strong stand against the Vietnam-backed Heng Samrin regime in Cambodia while the ASEAN nations looked beyond the Vietnam withdrawal, insisting that after such a withdrawal, the Khmer Rouge should be disarmed and an interim administration should be installed until a free election took place. The actions of the PRC have led the ASEAN nations to fear its continued support of communist parties within their borders, especially its support for the Khmer Rouge as a means to keep Chinese power in Cambodia, and its possible objective of turning ASEAN into an area of direct Chinese influence. The nations of ASEAN are aware of the harsh and brutal actions of the Khmer Rouge when they held power in Cambodia. China strongly opposed disarming the Khmer Rouge. When criticized for aiding the internal communist parties in the ASEAN nations, Chinese Premier Zhao Ziyang on his trip to the ASEAN nations insisted that China was only providing "political and moral" support and that if China withdrew this support, Vietnam and the Soviet Union would fill the vacuum and exploit the situation. However, even with support for internal communist parties, the ASEAN nations retain a suspicion of China as a hegemonistic regional power, more nationalistic and ethnocentric than during Mao's period of rule, but nevertheless representing a continuing threat to the less powerful nations of Asia.(7)

The PRC has increased this suspicion of its long-range objectives in Asia by making extensive territorial claims in the South China Sea. These extend one thousand two hundred miles from the Chinese mainland to encompass two strategic island groups (the Spratlys and the Paracels) and ride close to the coasts of the nations of Southeast Asia (Vietnam, the Philippines, and Malaysia), reaching within one hundred miles of the

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Natuna Islands of Indonesia. Some of the ASEAN leaders view these claims as the menacing tongue of the Chinese dragon seeking more and more territory.(8) Even the new ties between China and the United States are not looked upon as a likely means to restrain China's ambitions in Southeast Asia. Singapore's Prime Minister Lee Kuan Yew delivered a direct message to the PRC on the occasion of a visit by China's Premier to Singapore in mid-1981:

> The future that China once envisaged of fraternal communist parties taking over control of Asean countries was, and is, too simplistic...
>
> None of the Asean countries has any need for communism or communist parties to bring about a better society and a better economic life for its peoples. Every Asean government is convinced that its own communists are threats only becouse of outside assistance and interference...
>
> When a big nation, like China, sincerely accepts and respects the integrity and independence of smaller nations of East and Southeast Asia, then there will be few opportunities for other great powers to threaten any country, either directly or by proxy.(9)

Although comparatively weaker than the Soviet Union's armed forces, the military power of the People's Republic of China cannot and should not be underrated. The PRC for many years balanced its defense policy between nuclear deterrence (designed to deter strategic attack) and People's War (designed to mobilize the masses for land invasions). Since the death of Mao, the Chinese leadership has been turning toward a modernization of the People's Liberation Army which is designed to meet military needs other than a nuclear war or mass invasion. China possesses a nuclear force which could reach the Soviet Union as well as Asia. The People's Republic (as of 1980) has tested twenty-five nuclear devices since the year 1964, and its stockpile of weapons, both fission and fusion, continues to grow. In 1976 a multi-stage ICBM was tested and some have been deployed. Estimates of its armed forces (probably understated) include: 3.6 million in the army; 360,000 in the air force, and 490,000 in the navy. China has purchased aircraft engines and artillery from Western nations like Great Britain and over the years has provided military equipment and logistics support to such nations as Albania, Pakistan, and Tanzania.

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The PLA embraces all arms and services including the air and the naval elements. China showed its willingness to use its armies in previous invasions of Tibet and India and most recently in Vietnam. China seeks to strengthen its armed forces by acquiring additional military technology from Western nations, especially the United States.(10)

Political Influence of the Peoples' Liberation Army

One factor should be noted regarding the military in China: the People's Liberation Army has played a very important role in Chinese politics. While the Red Army has played a minimal role in Soviet politics and has been limited to a sole representative on the Politburo, almost one-half of the people chosen to serve on the Politburo at the Ninth Party Congress in China in 1969 were military men. During periods like 1950-1954 and 1966-1971, the Chinese army exercized extensive political leadership and political power in China, particularly at the provincial level. The People's Liberation Army officer corps played a decisive role in the Chinese civil war (1946-1949) with nearly all the Chinese military officers belonging to the Communist Party.(11) Mao made the PLA the model of all revolutionary virtues and the military plays a unique socio-political and economic role in Chinese Communist society. The military is thoroughly involved in civilian affairs. The army has been made the key to revolutionary zeal in China, and under Mao's direction relied upon a belief in man's superiority over technology, in self-reliance, and in a "death-defying spirit." Under the reforms promoted by Deng Xiaoping, including defense cuts and a freeze on development of steel and other industries which are essential to the creation of a strong and modern armed forces, some restlessness appeared in PLA ranks. The army in China is an army of politicized soldiers.(12) The military influence in Chinese politics could become dominant and could easily lead to military action against other Asian nations. Chinese armed forces are impressive in strength when compared to the individual armies of the nations of non-communist Asia.

Influence of the Soviet Union

Meanwhile it has been increasingly apparent that the non-communist nations of Asia have reason to be concerned with

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the Soviet Union, which since the late 1960s has been increasing its ground, sea, and air forces in East Asia. A number of reasons have been offered for this development: the Soviets, having secured their position in Europe, are turning their attention toward East Asia; the Soviets fear a possible alliance of the PRC, Japan, and the United States against them and want to take some countermeasures; and, possibly even more significantly, the Soviets realize the growing importance of the Western Pacific, the South China Sea and the Indian Ocean, and wish to build up their strength to confront U.S. power in the region. The Soviets have taken decisive action sending ground troops to the Kurile islands (north of Hokkaido, Japan), building the Second Siberian Railroad, deploying about 450,000 troops along the Sino-soviet border, reinforcing the Soviet Pacific Fleet (numbering about 785 vessels), and using Vietnamese harbors and air bases. If Vietnam allows the Soviets bases in the area, the Soviets will pose a greater security threat to the Western sea lanes from the Western Pacific to the Indian Ocean. A resulting change in the United States-Soviet naval balance in the South China Sea and the Indian Ocean would seriously affect vital Western sea lanes in these areas. Since its intervention in Afghanistan, the Soviet Union has sent more than thirty additional vessels to the Indian Ocean and the Arabian Sea; the Indian Ocean provides an essential route for maritime traffic to Asia, Europe and Africa, particularly for such a vital product as oil. The Soviet Pacific Fleet has become very active in sailing from the Maritime provinces as tensions have increased in such areas as Indochina, Afghanistan, and Iran.(13)

The Soviets show no sign of restraining their efforts in Asia. The Soviets, having seized the four islands off the northeastern tip of Hokkaido after World War II, have continued with a military buildup on the islands and the Soviets have refused to discuss the return of the islands with Japan.(14) The Soviets signed two agreements with Vietnam in 1981 which will greatly expand Soviet influence over the Vietnamese economy over a five-year period, and the Soviets and Vietnam agreed to set up a joint Vietnamese-Soviet enterprise to explore for oil.(15) They have granted Vietnam a large amount of military aid, provide almost all of Vietnam's fuel, supply almost a million tons of wheat a year, send thousands of Vietnamese to Moscow for training, and are in the process of building a dam, a power

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station, and a cement plant.(16) Author Sterling Seagraves in his book *Yellow Rain*, charged that the Soviets have used a deadly compound (trichothecene or TTT-II) to defeat the Hmong hill tribesmen in Laos as well as in Afghanistan and Yemen where the Soviets have acted to suppress insurgencies. (17) Soviet expert Richard F. Staar points to the significance of the rapid military buildup and the projection of its power via surrogates in relations with the U.S. and notes that the Soviet Union is using its influence and power in Asia as well as Africa to expand trade (and curtail that of the United States), bring in hard currency, penetrate foreign markets, and gain intelligence data.(18)

The Role of North Korea

North Korea cannot be dismissed as a factor in Northeast Asian politics. This nation, one of the harshest Communist states in the world, has sought aid and assistance from both the USSR and the PRC in developing its economy and promoting revolutionary objectives. North Korea's major aim still remains conquest of the South. The total armed forces of North Korea number some 678,000, with an army of 600, 000, a navy of 31,000, and an air force of 47,000.(19) While there are difficulties in estimating the military strength of closed societies like North Korea, the U.S. Army released a new estimate of North Korean military strength that revealed a significant increase over previous figures and showed that North Korea probably possessed the fifth largest ground army in the world.(20) Venezuelan poet Ali Lameda, who spent seven years in prison in North Korea after working for that country's propaganda ministry, described North Korea as a country suspicious of outsiders, slavishly following the cult of Kim Il Sung, and one that can be brutally cruel to those who run afoul of the system.(21) North Korea has aided other revolutionary powers to resist "American imperialism", most notably shipping armaments (e.g., Soviet-pattern light arms, light field pieces, and ammunition) to Iran.(22)

North Korea represents one of the real danger points for conflict in Northeast Asia and has strongly opposed any nation or any efforts which would stand in its way in conquering the south. North Korea expressed concern over the election of Ronald Reagan as president of the United States, seeing his

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election as creating difficulties for its expansive policies on the Korean peninsula. References were made in propaganda of "the plummeting of American power and clout" with a view of Reagan as possessing a "hawkish nature," as "trigger-happy," "a believer of power politics," a view that "might makes right," and possessing a determination "to restore American clout." North Korea's leadership viewed the United States under Reagan's leadership as dedicated to "reestablishing American dominance in the world." This policy would include encouraging Japan to rearm, seeking to strengthen the trilateral military integration of the Americans, Japanese, and South Koreans, and continuing to "maintain south Korea as a forward base for American policy in Asia." North Korea expressed concern that the 1980s would bring a reassertion of American dominance in Asia and a frustration of the objectives of North Korea in the region.(23)

A hopeful sign for the non-Communist nations of Asia, fearful of aggression from their neighbors, occurred early in the Reagan Administration when President Chun Doo Hwan of South Korea became the first head of state to visit the new American president.

The fact that this visit took place with the head of an Asian power, rather than a European nation, indicated that the new Washington administration might be willing to give a higher priority for the political, economic, and security issues of Asia.

The Reagan-Chun communique of February 2, 1981, recognized the importance of maintaining the freedom of South Korea. The main points of the agreement focused on pledges by the United States that it had no plans to withdraw U.S. ground combat troops from the Korean peninsula, support for President Chun's efforts to resume a dialogue with North Korea, reaffirmation that South Korea be a full participant in any U.S. negotiations with North Korea, and the provision of promises of assistance to South Korea in obtaining energy supplies in the event of an emergency affecting the mutual security interest of the two countries. In addition, the two countries would resume government-level security, economic, and policy planning talks immediately and the U.S. would make available for sale to South Korea appropriate weapon systems and defense industry technology necessary for enhancing South Korea's abilities to deter aggression. Assurances were also given to President Chun that the U.S. would fulfill the previous administra-

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tions's pledge to sell South Korea thirty-six advanced F-16 jet fighters and that U.S. military assistance would not be cut from the existing level of $160 million. (24) The Reagan pledges were encouraging to the South Koreans in contrast to the Carter Administration which had abruptly announced intentions to withdraw American troops from the Korean peninsula, a decision later reversed, and the continual harrassment by the U.S. of the South Korean government over alleged violations of human rights without mention of the far greater abuses and total denial of human rights as practiced by North Korea.

North Korea denounced the Reagan-Chun communique as "war-oriented" and labeled the South Korea president as a "proxy" for American and Japanese interests in Asia. (25)

As a representative of the militant Communist line in Northeast Asia, North Korea seeks the removal of American troops and the establishment of a "nuclear free peace zone." In actuality, such a proposal would remove the one outside protection the free nations of Northeast (as well as Southeast) Asia have from aggression and establish a vacuum into which China, the USSR, North Korea or even Vietnam could move. This strategy has been proposed many times. One such example is found in the joint declaration of the Workers' Party of Korea (North Korea) and the Japan Socialist Party issued from Pyongyang, which presented arguments in favor of the establishment of "a Northeast Asian regional nuclear-free, peace zone". This would be accomplished by withdrawing and destroying all nuclear weapons deployed in the Northeast Asia region; prohibit the development, testing, production, possession, transportation, storage, shipment or use of nuclear and biochemical weapons in the Northeast Asia region as well as the withdrawal of foreign military bases and foreign troops. The scope of this particular proposal would encompass Korea, Japan, and their surrounding waters. (26)

Though particularly fearful of nuclear conflict because of its experience during World War II, the then Japanese Foreign Minister, Masayoshi Ito, rejected the nuclear free zone idea as unrealistic stressing that mutual trust among nations must be first established before such an ideal settlement can be reached. He noted that the call for the withdrawal of foreign troops was directed only at the U.S. troops in Japan and South Korea which were essential to deterring Communist efforts to

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disrupt peace in the area. North Korea talks about a nuclear free zone, he observed, but it was the North Koreans who refused to sign the nuclear non-proliferation treaty. Even if the nuclear weapons were withdrawn from Korea and Japan, nuclear weapons would still be in Asia, in nearby China and in Siberia, and the growing Soviet forces in East Asia possessed a strong capability for nuclear attack. (27)

The Republic of Korea or South Korea appears much stronger when an objective study is made of its forces with those of North Korea. While North Korea has a population of 17.6 million, South Korea has more than twice as many people (38.2 million) with a booming economy and a strong GNP. Both nations have armed forces numbering about 600,000. North Korea has definite advantages in air power and offensive strategic posture. This nation may also possess superiority in mobile assault weapons, shelling capability, naval capabilities, and unconventional warfare forces. North Korea has the ability to employ a blitzkrieg technique. South Korea's capital city is only less than forty miles from North Korea and possibly as close as three minutes by air (from the DMZ to Seoul). The North Korean army is organized for blitzkrieg warfare with mobility and firepower. The North outnumbers the air force of the South by about three to one. In case of a war the North would have the advantage of being on the offense while the South would be fighting defensively with the aggressor determining the mode and method and strategy of warfare. North Korea could benefit from assistance from two powerful allies – China and the Soviet Union. North Korea has mutual defense treaties with both powers, shares a border with each, and enjoys relatively secure lines of communication. South Korea suffers the disadvantages of an island position since it is totally dependent on its lines of sea communication with the United States, some six thousand miles away. (28)

The 1970s had been a critical decade for South Korea. During the period of the Nixon Doctrine, in 1970 when the United States decided to withdraw one of the two U.S. divisions from Korea, South Korea with the aid of the United States began a five year modernization plan to compensate for the withdrawal. Following the U.S. problems in Vietnam and the resultant effects of the post-Vietnam syndrome on the issue of commitments abroad, South Korea received another shock when President Carter, maintaining that he was fulfulling a

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1976 campaign promise, announced his intention on March 9, 1977, to withdraw many U.S. ground troops from Korea. Major General John K. Singlaub, Chief of Staff of the U.S. Forces in Korea, expressed his dissent to the policy and was removed by President Carter; both the House and Senate expressed opposition to the move by the President;(29) Moreover, Senator Sam Nunn, reporting for the Pacific Study Group of the United States Senate Committee on Armed Services in January of 1979, noting the news of the buildup of North Korean forces, urged a suspension of the withdrawal program and stressed the U.S. should still continue to support the development of a strong, self-reliant South Korea.(30)

The discovery of tunnels under the DMZ helped to convince even doubters that the North Koreans still had aggressive aims against the south. In September of 1981, North Koreans fired bursts of machine gun fire at the Republic of Korea's eastern frontline. Five similar incidents had occurred during 1981.(31) One observer of the Korean scene, Choi Chang-yoon noted the problem if U.S. troops should be withdrawn from South Korea:

> Moreover, the withdrawal would send the wrong signals to the countries in Northeast Asia. The Soviet Union, sensing the decline of American power in the region, might try to engage in further adventures in East Asia with impunity. China would assume that it could not expect any American help in the event of a Soviet attack and might move to restore its relationship with Moscow. Sino-Soviet rivalry and tension would be heightened by efforts to increase their influence over North Korea and fill the "vacuum" left by the United States. Worst of all, Japan would become totally absorbed with Soviet power because of reduced confidence in the political will and capability of the United States. Japan's reaction could be rapid rearmament, including the acquiring of nuclear weapons.(32)

When a group of Japanese lawmakers visited with Korean President Chun Doo Hwan, he advised them that South Korea and Japan belonged in the same dimension as far as their national security is concerned. He also expressed the hope that Japan would increase aid to South Korea in order to help the latter nation boost its defense power. President Chun noted that Japan would suffer much influence and pressure put on it if the communists triumphed on the Korean peninsula.(33)

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The words of President Chun only highlighted the important but precarious role Japan plays in the power equation in Northeast Asia.

The Japanese Position

Japan's views on national defense have been influenced by the experience of the 1930s and the 1940s and the defeat (as well as the humiliation and suffering) from World War II. After the war, the Occupation Force, under the leadership of General Douglas MacArthur, worked with the Japanese to adopt a new constitution based on democratic principles. The Japanese Constitution of 1946 contained Article IX which stated:

> Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.
>
> In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.(34)

(In a poll conducted in October of 1978 by the newspaper *Asahi Shimbun*, eighty-two percent of the Japanese people believed the pledge neither to go to war nor to possess military forces was a good decision. Only seven percent believed it was a bad decision).(35)

Post-war events were to raise concerns about this decision among Japanese leaders. The Korean War broke out in June of 1950. In the following month, Japan established the Japanese National Police Reserve Force which raised the issue of whether Japan should arm itself for defense. After considerable debate, the Self-Defense Forces Law was enacted in June of 1954. The Police Reserve Forces were renamed Japan Self-Defense Force (JSDF). Article 3 of the Self-Defense Forces Law stressed the importance of guarding the nation's peace and independence and defending "the nation against both direct and indirect invasion in order to preserve the safety of the nation." The opposition parties claimed the law was unconstitutional because of Article IX of the Japanese Constitution. Defenders maintain that the Japanese Constitution of 1946 does not deny Japan the inherent right of self-defense. It is important to note that two major principles guided the Jap-

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anese Self-Defense Forces: 1) a prohibition from acquiring offensive weapons and 2) a limitation on defense spending to one percent or less of Japan's Gross National Product.(36)

During the period 1952-1957, the size of the Police Reserve Force tripled. The buildup was completed in 1957 and it has been constant since then. Between 1952-1966, Japanese defense spending averaged between one to two percent of the GNP. Since 1966, the limitation of defense spending to one percent of the GNP has been strictly followed. Despite this limitation, there has been a substantial annual growth in the GNP and thus also in defense spending. Spending on defense has increased on an average of 15.7 percent in absolute terms and 6.9 percent in real terms (with inflation discounted) based on U.S. calculations. In 1978, Japan had the ninth largest defense expenditure in the world while in 1970, Japan had ranked twelfth. Of the sixty-four nations ranking highest in defense expenditures, only two – Japan and Mexico – spend less than one percent of their GNP on defense. In contrast the U.S. spends about 5 percent to 6 percent of its GNP on defense and the North Atlantic Treaty Allies between 3 percent to 4 percent. Thus Japan spends less than 1 percent on defense yet possesses the second largest GNP in the world.(37)

A special area of concern between the U.S. and Japan has been the mutual defense treaty in light of Article IX of the Japanese Constitution and the low level of Japanese defense expenditures. After the Korean War outbreak, Japan's Prime Minister Shigeru Yoshida wanted U.S. bases in Japan manned by Americans although these would be activated only in the case of an emergency. U.S. Secretary of State John Foster Dulles in envisioning a mutual defense treaty with teeth desired a Japanese army of 350,000 men and a positive Japanese contribution to the entire region, similar to an East Asian North Atlantic Treaty Organization. But the Prime Minister felt that Japan was not psychologically ready for so extensive a military alliance. The first treaty allowed U.S. bases in Japan, considered vital by General Douglas MacArthur, to protect Korea, but without a specific commitment to defend Japan; Japan assumed these bases were enough of a deterrent to discourage any enemy. Secretary of State Dulles tried a more comprehensive arrangement in 1955, seeking a commitment from Japan to join the U.S. in defense of the Western Pacific and Guam. Internal opposition in Japan prevented such a

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commitment. Japanese Foreign Minister Mamoru Shigemitsu denied that the resulting communique committed Japan to any military obligations in the Western Pacific or elswhere. Another factor was added to the 1955 discussion: the question of nuclear weapons. Shigemitsu announced that the U.S. would not bring atomic or nuclear weapons into Japan without consulting the Tokyo government first. Finally, in 1960 the mutual defense treaty was revised with the U.S. accepting the Japanese view of "mutuality," e.g. that Japan and the U.S. would cooperate and consult on the defense of Japan and nothing else. American forces could not intervene in any Japanese domestic matter and the U.S. could not embark on any combat operations outside of Japan without Japanese consent. The treaty would last for ten years and be subject to renewal. (It has been subsequently renewed). Although various opposition groups have objected even to this mild treaty, the treaty of 1960 has basically continued to govern U.S.-Japanese relations. Considering the internal situation in Japan, the U.S. has been unsuccessful over the past thirty years in moving this treaty in the direction of a full military alliance.(38)

The early 1970s represented a period of adjustment for Japan from dependence and American predominance to equality and mutual responsibility. Frictions between the two allies developed over textiles, monetary policies, and China relations. However, there appeared a clearer view of the security needs and requirements with a greater balance and reciprocity in economic relations seeking closer cooperation. Japan is the United States' largest overseas trading partner. Both nations share a dedication to the principles of democracy, realize the need for stable economic growth, and agree on the necessity of shaping more positive ties between the industrial and developing countries. Japan, and even Korea, had once looked to the U.S. exclusively for their own security, but recent events have forced them into a greater self-reliance and broader cooperation with each other. The Association of Southeast Asian Nations, or ASEAN, has been pushing for a closer regional cooperation. Out of this period of the 1970s came greater self-reliance but also a realization that the U.S. must still play a role, particularly for Japan. Former U.S. Secretary of State Henry A. Kissinger has noted that it is essential that the United States maintain a military presence in the Western Pacific, especially U.S. mobile naval and airpower.(39)

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Japan has had to maintain a delicate balance in its foreign policy, seeking to reach a policy which weighs its relationship with the United States against that between two gigantic Communist powers – the Peoples's Republic of China and the Soviet union. Japan's objectives were delineated in its "diplomatic bluebook", which reviewed Japan's diplomatic activities and the global situation during 1979 and early 1980. While stressing the importance of maintaining its relations with the United States, Japan would continue to expand its cooperation with the Western European nations. Major threats to world stability had occurred when a militant group in Teheran (Iran) seized U.S. citizens and embassy personnel as hostages and the Soviets launched an invasion of Afghanistan. The Soviet military buildup was bringing about an international situation unfavorable to Western nations. The Soviets were active in stirring up international tensions not only by the invasion of Afghanistan but through attempts to extend their influence in Africa and the Middle East and the continuing instability in Indochina. These international developments represented a threat to Japan's desire to preserve a world in which peace and stability remain supreme.(40)

Japan's foreign policy sought to maintain peace and security, defend the basic values of freedom and democracy, and ensure a prosperous life for its people. The thrust of this policy was summarized in four points: 1) Japan would not become a military power but would continue its voluntary efforts to equip a proper-sized, self-defense force in order to ensure security, continue bilateral and multi-lateral relations in the political and economic fields with other nations through the United Nations, and work for friendly and cooperative relations with the United States; 2) Japan would work for peace and stability in the Asia-Pacific region as indispensable to Japan's peace and prosperity. Specific objectives toward this goal would include improvement of relations with the Soviet Union, seeking a solution of the Northern Territorial Issue and the conclusion of a peace treaty between Japan and the USSR, expansion of relations with the People's Republic of China which had been established by the Japan-China Peace and Friendship Treaty, the maintenance and promotion of friendly relations with the Republic of Korea while seeking an international environment to ease the tense situation on the Korean peninsula, strengthen solidarity with ASEAN countries, and

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finally working toward a peaceful solution in Indochina; 3) Japan must be willing to seek peace and stability in the international community by going beyond the Asia-Pacific region and furthering its ties and solidarity with other free nations, notably the United States and Western European nations; 4) Japan must aid in the solution of the major problems of the international economic system; e.g., unemployment, inflation, and energy problems. Efforts would continue to improve productivity and technological innovation aiding the dynamism of the market economy, renew efforts to avert protectionism, and develop free trade based on the Tokyo Round of Multilateral Trade Negotiations. Japan pledged to open its markets, internationalize its domestic services, and assist the newly industrializing nations play a proper role in world trade. Because of the crucial role oil plays in Japan's economy, the bluebook focused on this particular problem. Oil consumption would be cut and the research and development of alternative energy sources would be promoted, notably through the cooperation of energy-consuming industrialized nations. Dialogue between the relevant parties (e.g., industrialized nations, oil producing nations, and other developing nations) must be promoted while long range solutions are addressed, including the peaceful use of nuclear energy and nuclear nonproliferation.(41)

These same problems and themes were echoed when then Foreign Minister Masayoshi Ito addressed the National Diet, Japan's legislative body, at the beginning of 1981. Reference was made to the "tumultuous international situation" during the preceding year, and he noted that the one outstanding trend in the international community was the uncertainty which existed in the political and economic aspects of the international order in the interdependent relationship among nations. Evident in the speech was a growing concern over the aggressiveness of the Soviet Union. A major retreat in East-West detente had taken place because of the Soviet invasion of Afghanistan and the continuing Soviet-inspired troubles in the Middle east and Indochina:

> The Soviet Union is an important neighbor of Japan's yet relations between our two countries continue to be in a difficult period as a result of the Soviet Military intervention in Afghanistan, the military buildup of the northern territories, and other deplorable events. I have taken the

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> opportunity of last year's United Nations General Assembly and every other occasion to strongly urge the Soviet Union to promptly rectify these situations as well as to resolve the northern territories issue, the largest unsettled issue between our two countries, and conclude a peace treaty. In accordance with this consistent basic policy, the Government is resolved to continue its persistent efforts for the development of relations with the Soviet Union based upon true mutual understanding. I truly hope that the Soviet Union, who insistently talks of good-neighborliness and friendship, will translate these words into concrete deeds of good faith to open the way to the development of Japan-Soviet relations...In Afghanistan it is truly deplorable that the Soviet Military intervention has continued now for over a year and there is not even a hint of solution discernible. Japan will continue in concert and solidarity with the United States and other friendly countries to persistently seek an immediate unconditional and total withdrawal of Soviet Military forces so that the people of Afghanistan can resolve their domestic problems themselves.(42)

Japan is pledged to continue international efforts for disarmament and arms control as well as a vigorous expansion of economic cooperation and international collaboration in scientific and technological fields as part of its diplomatic efforts. However, Japan will also put a renewed emphasis on a smooth and effective implementation of Japan-U.S. security arrangements while developing a moderate yet sophisticated defense capability for defensive purposes in order to insure Japan's security.(43)

Prime Minister Zenko Suzuki in his address to the Diet stressed Japan would seek peace and security not just through enlarging its defense capabilities but also through certain foreign policy and domestic policy measures. Suzuki also considered the Japan-U.S. Security arrangements as the cornerstone of its security policy but pledged to build a sophisticated defense capability as well.(44)

Realizing the sensitivity of its neighbors to any major Japanese buildup because of Japan's aggressiveness in World War II, Prime Minister Suzuki sought to relieve any apprehensions that might occur on Japan's growing defense force while on a tour of ASEAN countries. He reassured these nations that

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Japan's constitution renouncing war dictates that its military capability be defensive, not offensive, that its adherence to nonnuclear principles would prevent the country from becoming a military power (e.g., these principles would include pledges not to manufacture, own, or allow the presence of nuclear weapons inside Japan), and that Japan will never become a threat to her neighbors. The major thrust of the message was that Japan desires peace and stability in Southeast Asia and that the Japan-United States treaty represents a restraining influence on Japan going fully nuclear.(45)

Japan has a great stake in a peaceful Asia. Japan views the Soviet Union as the greatest threat to the country and Japanese intelligence officials have estimated that the Soviets have deployed over three hundred thousand ground troops and about two thousand combat planes in the Soviet Far East. Soviet fighter bombers reportedly have a range encompassing all of the Japanese islands, and have an estimated one hundred twenty-five submarines in the Pacific. Japan views the latter as a threat to its shipping and has equipped its ships with antisubmarine detection gear and weaponry. However, it is a coastal defense force and is unable to operate effectively any great distance from Japan. Japan, with extensive merchant and fishing fleets, must import all its raw materials and is totally dependent on shipping; its future lies in ocean shipping and the protection of its coastline. The Japanese Maritime Self-Defense Force (MSDF), which was established in 1952, has about 150 primary operational ships including about 60 antisubmarine surface ships and 13 submarines. However, because of the limited range of the MSDF, Japan must rely on the United Stated to keep open the vital sea lanes to Africa, the Middle East, and the Americas.(46)

Japan increased its defense budget by only 7.6 percent in the fiscal year beginning April 1, 1981 rather than the 9.1 percent desired by the United States. Japan's Prime Minister, who is known as Mr. Fish because he comes from a fishing prefecture and served as Japan's chief negotiator in fishing talks with the Russians, used a fishing story to illustrate why Japan made such a modest change in defense expenditures:

> When you are a deep-sea fisherman trying to pull in a big fish, you don't pull on the line too suddenly or the line will snap and you'll lose the catch. You pull gradually, gradually, gradually.(47)

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The big fish reference in the story represented Japanese public opinion which has had a strong pacifist tone since World War II. Japan's expenditure of $12 billion on defense represented only 0.9 percent of its GNP, unchanged from the previous year. Spending on new weapons will rise only seventeen percent. (The great challenger to Japan, the Soviet Union, spends between twelve to fourteen percent of its GNP on defense). Although there were no new commitments, the award of contracts for new weapons does presume that additonal dollars will be spent in future years.(48) Masamichi Inoki, President of the Research Institute for Peace and Security, denied that concern for defense by Japan can be equated with an extremism or militarism in Japanese politics. He noted that Japan's concern for maintaining sovereignty and independence is a healthy and realistic trend. Inoli stated in a magazine interview in *Look Japan* that unless Japan made clear its commitment to peace before taking steps to make up for two decades of neglect in defense matters, the country will run the risk of breaking the concensus that has formed among its people and may lead to misunderstandings with Southeast Asia and Korea.(49)

Some observers believe there is a new realism in Japan about its defenses. One observer noted that public opinion in support of the Japanese Self-Defense Forces has gained in Japan, but there is still a large segment of the population which favors rescue and relief operations for the JSDF rather than a national security role.(50) A perceptive observer of the Asian scene, *Far Eastern Economic Review* editor Derek Davis, believes the die is cast and the inevitable process of Japanese rearmament has begun.(51)

But even if Japan wanted to undertake the defense of the Western Pacific, it is unlikely it could do so under present political conditions. The sensitivity of the defense issue, particularly regarding nuclear weapons, was shown when Edwin Reischauer, former U.S. Ambassador to Japan (1961-1966), revealed that in 1960 the Japanese government had verbally agreed that American warships could call at Japanese ports with nuclear weapons abroad and could pass through Japanese territorial waters without unloading them. In addition, Prime Minister Suzuki and President Ronald Reagan had in 1981 issued a joint communique which asserted their shared "values of democracy and liberty, [and] reaffirmed their solidarity, friendship and mutual trust." Japan had pledged to make even

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greater efforts to improve its defense capabilities in Japanese territories and in its surrounding sea and air space. Critics of the Japanese government seized upon the communique, statements of Suzuki, and the comments of Reischauer to charge that the U.S. and Japan had entered a military alliance and there was an uproar in political circles in Japan. Encouraged by the press, television, and oppostion groups, a hysteria built up in Japan which resulted in a bitter battle in the Japanese Cabinet and the resignation of Foreign Minister Ito, who had personally drafted the communique.(52)

The whole dispute has raised questions on the extent of U.S.-Japan agreements on defenses in the Western Pacific. Sharp division appeared in the Japanese government over a U.S. request that would put Japan's technological abilities to work for joint arms development. Sunao Sonoda, Foreign Minister for Japan after Ito resigned, criticized U.S. requests that Japan build up its military force more rapidly to help defend the sea lanes in the Pacific Ocean. He noted that he could understand a request to:

> ...add the second floor to a one-story house, but it is out of the question if they ask us to build a 10-story building.(53)

While the Carter Administration took a get-tough policy in order to badger Japan into speeding up its military plans, the Reagan Administration has restrained its requests for a Japanese military buildup, recognizing the importance of preparing Japanese public opinion for an expanded defense role. The objective of the Reagan policy is to encourage Japan to undertake a more substantial burden in providing for its own defense.(54) Considering the Soviet buildup and the desire to expand military power by the PRC, the buildup in Japan may be many years away.

A group of U.S. Senators, termed the Pacific Study Group, completed an extensive evaluation of the security relationships between the United States and Japan in early 1979. Their findings then remain valid today. They concluded that Japan is one of the most important allies of the United States and the most important ally in Asia because of the interpendence of the U.S. and Japanese economies, the economic strength and potential of Japan, and the geostrategic location of Japan. (In geographic terms, Japan is astride the major naval and air routes from the Soviet Far East and in a crisis could serve

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as a major constraint to Soviet activities in the Western Pacific). They strongly recommended that the U.S. should take actions to convince our Asian allies (including Japan) that the U.S. is not withdrawing from Asia and is greatly concerned about Asian security. They urged that the United States should not seek to substitute improved Japanese military power for U.S. military presence in Asia. If there is an improvement in Japan's defense, it should be so that the U.S. could shift some forces but not be replaced entirely by Japanese forces. The group further recommended that Japan should be put on a full parity with key NATO members in terms of military technology transfers and licensed production of weapons and equipment.(55)

Senator John Glenn of Ohio has been among the strongest supporters of Japan taking a larger role in the defense of Asia. He has suggested that Japan, for example, pick up a larger share of the cost for maintaining U.S. bases in Japan.(56) A reluctance remains for Japan to take a highly visible military role for the defense of Asia. The most representative attitude of Japan for the future was expressed by Nobuhiko Ushiba, Ambassador to the United States from Japan from 1970 to 1973 and advisor to the Japanese government in foreign affairs, who stated:

> Our contribution to world peace in the defense area will necessarily be limited. The constitution is not the only constraint in Japan; the public attitude is also a constraint on going beyond a certain limit of military expenditure to contribute to the maintenance of peace and order... From a longer-range point of view, Japan's contribution to world peace and stability will be more in the economic field than in the defense field.(57)

The Status of the ROC

While Japan has reluctantly increased its defense capabilities, relying more and more on the U.S. "nuclear umbrella" for protection, the Republic of China on Taiwan has been working diligently to strengthen its defenses. The *China Post* in an editorial pointed out the contrast between the two nations in defense matters:

> The Reagan Administration is trying to get Japan to help the United States share the defense burden of the Asian and Pacific region. It has so far met with cool

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> response from the Japanese...At best, Japan will remain a reluctant ally of the United States. Japan provides a sharp contrast to the willingness of the Republic of China to cooperate with the United States in military and economic fields. The Reagan administration should not hesitate any longer to supply the Republic of China with all modern and up-to-date weapons for self-defense as required by the Taiwan Relations Act. (58)

Especially since the termination of formal diplomatic relations by the United States, the ROC has been more intent on developing a strong defense, realizing that its best strategy would be to deter the People's Republic of China from even considering the launching of an attack. The key to an effective defense for Taiwan is controlling the air space over the Taiwan Straits. The ROC has put together an automated air defense system where fighters, missiles, and antiaircraft guns can be combined in a highly integrated and consequently super-effective defense system. The Chinese Air Force is being equipped with high performance jet fighters and antiaircraft guns. Increases are anticipated in missiles and combat planes and the training of air defense personnel has been notably stepped up. Focus on air space control is not only over Taiwan but also over the offshore islands of Kinmen (Quemoy) and Matsu as well as Penghu.

Efforts have been made to improve the ROCs superiority on the sea, including improvements in air and sea spotting, better antisubmarine warfare equipment, and the development of new types of ships. This advance has been aided by the purchase of a Self-Reliance Squadron of F5E jet fighters and navy missile boats.

Other developments to strengthen defenses include preparation for ground warfare and the establishment of a strong system of garrison security. The armed forces seeks increased firepower and mobility for deployment of forces and a renewed effort has gone forward to guard against Chinese Communist infiltration and subversion. Besides better training of military personnel and officers and incentives to improve the military life of the enlisted men, the Republic of China devotes a special fund to accelerate the development of the national defense industry. (59)

The Republic of China on Taiwan faces increased uncertainty in the procurement of military equipment for its defense forces –

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equipment which must be acquired from the United States or other countries. When a Rotterdam company agreed to build two submarines for the ROC, the Peoples's Republic of China threatened to order the Dutch Ambassador to leave China and to consider ousting the Anglo-Dutch Royal Shell Company from a group of foreign oil companies bidding for exploration rights off Mainland China unless the Dutch government rescinded the approval. The Dutch government did not give in and the PRC downgraded its diplomatic relations with Holland. The government in Beijing has also expressed opposition to continued U.S. arms sales to Taiwan although the Taiwan Relations Act would allow such sales. However, the U.S. President has a great deal of discretion on the types of arms sales which can be made. The Carter Administration sought to submerge the issue in order to keep the continued goodwill of the PRC.(60) The request brought to a head the desire of the ROC to purchase the advanced F-16 jet fighters. The F-16 is the first line fighter of the North Atlantic Treaty Organization and can be equipped with bombs and air to ground missiles for a ground-attack role. U.S. State Department officials had expressed the view that the U.S. might be willing to sell Taiwan short range defensive fighters, including a scaled down version of the F-16, termed the F-16-79, which has a smaller airframe than the F-16 and a smaller engine with less advanced electronic equipment. Under pressure from Beijing the U.S. ruled against compliance with the request of the ROC.

The case for the United States to continue its agreement to supply Taiwan with military weapons was made effectively by the Executive Director of the Georgetown University Center for Strategic and International Studies, Dr. Ray S. Cline, who served as Deputy Director for Intelligence of the Central Intelligence Agency (1962-1966) and Director of Intelligence and Research in the State Department (1969-1973). Writing in the January 6, 1981 edition of *The New York Times,* Dr. Cline cited the provisions of the Taiwan Relations Act which pledged to make "available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." He observed that because of anti-Soviet rhetoric and the enthusiastic embrace of Mainland China by the Carter Administration, the PRC leadership expected a second term Carter Administration would ignore the security provisions of the Taiwan Relations Act. Dr.

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Cline stressed that the freedom of Taiwan must be maintained by the U.S. and that the commitment to defend Taiwan must be kept.(16)

A review of the defense situation in Asia results in a number of conclusions. The USSR and the PRC have the military capacity to conquer the individual nations of Asia and have an ideology which commits each to expand control over non-communist nations. Only strategy and timetables differ among the Communist giants. North Korea and Vietnam are partners in the Communist enterprise. While the ASEAN nations, Japan, South Korea, and the Republic of China are building up their military forces no single nation or even a grouping of these non-communist nations could successfully resist a major assault by the communist powers. Although the United States alone cannot defend Asia without support from Asian allies, it is clear that the presence of the United States in the area is needed to protect both Northeast Asia and Southeast Asia. Although the United States is not an Asian power, it is a Pacific power and it is essential that the non-communist nations of Asia be kept free in addition to the protection of the vital sea lanes in the area as well as for humanitarian reasons. The future of Asia and the Western Pacific is significantly related to future policy decisons and actions by the United States in the area. A strong defense policy is needed by the U.S. in collaboration with the free Asian nations if peace and stability and freedom are to he maintained in the region.

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FOOTNOTES

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(55) "United States-Japan Security Relationship," Pacific Study Group, pp. 1-3. Members of the Pacific Study Group included Senators Harry Byrd of Vriginia, Gary Hart of Colorado, John Tower of Texas, and Sam Nunn of Georgia.

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(56) "U.S.-Japanese Relations – What Should the Future Hold?," AEI Forum held on April 6, 1981, Washington, D.C.: The American Enterprise Institute for Public Policy Research, 1981, p. 14.

(57) *Ibid.*

(58) "Japanese Reluctance in Rearming," *China Post,* July 14, 1981, p. 2.

(59) "Premier Sun Yun-Suan's Oral Report on Administration to the first meeting of the 67th Session of the Legislative Yuan, February 24, 1981," *Free China Weekly,* March 1, 1981, p. 3.

(60) "U.S. Continues Arms Sales to ROC," *China Post,* January 3, 1981, p. 2; "No War Jets for Taiwan," *Chicago Tribune,* March 11, 1981, Section 1, p. 7; Don Oberdorfer, "Choices Said to Remain Under Review: U.S. Plans No Shift Now in China, Taiwan Ties," *The Washington Post,* March 14, 1981, p. A11.

(61) Ray S. Cline, "Peking Will Press Reagan for Changes," *The New York Times,* January 6, 1981, reprinted as "Taiwan Relations Act," *Free China Weekly,* February 15, 1981, p. 4.

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ECONOMISM AND THE RUSSIAN SOCIAL DEMOCRATIC MOVEMENT

By Samuel Farber

Contemporary thinkers may find that many lessons can be drawn from the initial failures and eventual success of Social Democracy in pioneering the Russian revolution. Of potential interest we find that amongst such theorists the term "Economism" has recently reappeared and acquired new popularity. Sometimes this term has been used by such authors as Louis Althusser as the equivalent of and as a substitute for the concept of economic determinism. Much more commonly, the term has been recently utilized to describe in negative terms the struggle of workers and peasants for higher wages and other economic benefits *unaccompanied* by demands of a consciously political type. This later usage became particularly popular during the Chinese Cultural Revolution. As part of its campaign against "Economism," the Chinese leadership made pronouncements such as the following in *The People's Daily* of January 16, 1967: (1)

> ... the handful suddenly show concern for labor insurance and the well-being of the masses of workers and talk about their promotion, subsidized housing, etc. They vigorously use material incentives to corrupt the fighting spirit of the revolutionary masses. They incite some people to make trouble by demanding economic welfare.

Emerging from this Chinese context (i.e., that of a highly voluntaristic and ascetically inclined political leadership ideologically justifying capital accumulation at the expense of mass consumption), the use of the term "Economism" has spread among left-wing political theorists in the more highly developed countries of the west. Many activists of the Sixties and Seventies, who had developed a revolutionary Marxist view of economically advanced capitalist societies such as the U.S.A., faced the need to reconcile this newly acquired revolutionary analysis with their continuing participation in "reformist" struggles. It is hardly surprising that a number of these activists became gravely concerned about what they perceived as the dangers of "Economism."

Furthermore, the isolation of leftist intellectuals from the

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working class, due to working class "reformism" and conservatism, the bureaucratization of the trade unions, and the elitism that naturally tends to emerge amongst the members of all intellectual strata, contributed to the increasing use of the term in this new and very different social context. To more fully understand the history of "Economism," and its potential impact on contemporary revolutionary thought, we must look once again at the history of the emergent Social Democratic movement in setting the stage for revolutionary success in Tzarist Russia.

Russian Social Democracy at the End of the Nineteenth Century

By the early 1890s Russian Social Democracy had attained some important successes. The growth of capitalism and the industrial working class, together with the early political and intellectual efforts of Plekhanov and the other founders of the movement, made it possible for Social Democracy gradually to replace Populism as the principal working class political ideology in opposition to tsarism. (2) However, Social Democratic ideology already contained the seeds of future dissension, particularly in regard to the question of what roles the bourgeoisie and the proletariat would play in the struggle against absolutism. In the 1880s Plekhanov was confident that the bourgeoisie would carry out the struggle for political freedom against autocracy, but, at the same time, he warned that the bourgeoisie was too weak to overthrow absolutism without the aid of the workers. Without seeking to bypass the capitalist stage, the proletariat would still lead all democratic elements to obtain from the coming bourgeois revolution the best possible terms for its own future development. (3) This formulation was ambiguous in its assessment of the relative weight of working class and bourgeois political leadership in the future. This ambiguity was at the root of what eventually became an important division within Social Democracy – with some Social Democrats arguing for the primacy of the working class, and others for the primacy of the bourgeoisie in the revolutionary process. (4) Furthermore, a national organization had not yet been created to bring together the different local Social Democratic groups. The moves towards the formation of a national party in the late 1890s would exacerbate the struggle between those arguing for centralization and the defenders of local autonomy.

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Beginning with the 1892 mass strike in Lodz, Social Democracy became an important current among Jewish workers in the western part of the Russian Empire. Elsewhere in Russia, however, only a relatively small number of workers had been won over to Social Democratic ideas. Most of these workers participated in local Marxist study circles (*kruzhki*), where they concentrated on cultural advancement and scientific understanding rather than revolutionary political activity. A worker participant in the *kruzhki* of the late 1880s recalled in his memoirs:

> [The Social Democratic propagandist] pointed out that our working class movement must traverse the same path as our Western comrades...He told us that we will attain this future only by the efforts of the working class as a whole... But to be an organizer of the working class, it is necessary first of all to be honest in all relations oneself, secondly, to be a worthy comrade, and finally, a cultivated person to whom others could turn with their questions, and from whom they could receive definite answers...A good propagandist must be able to answer such questions as why there is day and night, seasons of the year, and eclipses of the sun. He must be able to explain the origin of the universe and the origin of the species, and must therefore know the theories of Kant, Laplace, Darwin, and Lyell. In the program must be included history and the history of culture, political economy and the history of the working class.(5)

The early Marxist propagandists had not yet developed clear notions on revolutionary strategy. They simply assumed that as more and more workers studied Marx, Russia would, in time, be covered with *kruzhki* and a workers' socialist party would be formed.(6) It is hardly surprising that these highly cultured but somewhat politically passive worker-intellectuals often became alienated from their fellow workers. Without joint political activity, culture and education became a dividing rather than a unifying force.

The Turn to Agitation

Spurred by an upsurge of working-class unrest in the mid-1890s, Russian Social Democracy tried to break away from the circle spirit and reach the masses of workers. This step entailed a momentous decision; namely, to organize a trade union move-

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ment under the organizational auspices of a revolutionary political party. The turn to agitation, however, created additional strains in the development of that party.

Understandably, the new turn was directed by those who had already tried and largely succeeded in using agitational methods among Jewish workers in Russian Poland and Lithuania. Arkady Kremer, the founder of the Jewish Bund, and Y.O. Martov, the future Menshevik leader, wrote the pamphlet, *Ob Agitatsii* (*About Agitation*)(7) in 1894, which provided a guide to the new policy for Russian Social Democracy. *About Agitation* repeatedly stressed the necessity for political struggle by the workers and, in fact, warned against allowing them to merely follow or "tail" the bourgeoisie in the fight for political freedom. It criticized the predominant circle spirit and called for working-class action around even the smallest grievances concerning wages or working conditions. Indeed, struggle was seen as central to the development of the workers' movement; successful struggles would encourage greater self-confidence among the workers and more clearly demonstrate the actual relation of forces between workers and employers. Most important, *About Agitation* put forward a view of how the workers movement would develop from the economic level to the political. As economic struggles spread from the smallest units of production to engulf whole plants and eventually whole industries, workers would learn in practice that capitalism would not and could not agree to their economic demands. This would force them to fight against the system itself rather than this or that individual capitalist. In the process, workers would also discover that political demands, such as freedom of assembly, were absolutely essential to the conduct of the struggle for the defense of their interests. This pamphlet introduced a notion of stages of development in the workers' struggle, according to which the movement went through a first stage of struggle against the individual employer and then through a second stage of struggle against the whole bourgeoisie and the state. While *About Agitation* did not draw any specific political conclusions from this notion of stages of struggle,(8) the theory would eventually turn out to have important historical consequences.

The members of study circles strongly resisted the new turn to agitation. Their attitude was typified by one worker who stated that "leaflets are a waste of time. What can you explain in a single leaflet? The worker should be given a book, not a

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leaflet."(9) The arguments against the turn to agitation – including the allegation that workers were deprived of the opportunity to become educated and independent-minded so that they could more easily be used by the intelligentsia as cannon fodder for the revolution – later became standard among some Social Democrats.(10) Nonetheless, the new turn was supported by most Social Democrats, including people on both sides of the future Menshevik-Bolshevik split. Thus, in November 1895 Lenin himself authored an agitational leaflet addressed "To the Working Men and Women of the Thornton Factory,"(11) in which there was not a single word about the political struggle. The leaflet, which was typical of many agitational leaflets of the time, contained a call to action and a thorough analysis of the workers' grievances based on detailed and accurate knowledge of factory conditions obtained from Social Democratic workers already at the plant. More important, in the period 1895-1896 Lenin drafted a program for the Social Democratic Party that incorporated Kremer's view of how the economic struggle would evolve into the political struggle in Russia–although it did not endorse the theory of stages of struggle. Lenin's perspective in this period was strikingly different from his later views in *What is To Be Done?*:

> Strikes and isolated revolts of the workers...now constitute the most widespread phenomenon in Russian factories. But with the further growth of capitalism and the increasing frequency of strikes, they prove inadequate. The employers take joint action against them...[and] turn for assistance to those whose who run the machinery of the state, who help them crush the workers' resistance. Instead of being faced by the one individual owner of each separate factory, the workers are now faced by the *entire capitalist class* and the government that assists it. The entire *capitalist class* undertakes a struggle against the entire *working class*...out of the isolated revolts of the workers grows the struggle of the entire working class. The struggle of the workers against the employers turns into a class struggle....[Like the employers] the workers likewise become convinced that they, too, need unity, joint action by the entire class, the working class, and to that end they must secure influence over the machinery of state.(12)

The turn to agitation was quite successful. Workers responded favorably to the new Social Democratic message, which ad-

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dressed itself to their immediate and keenly felt grievances, and many joined the party. Moreover, the turn was followed by a sharp upsurge in class conflict. The Social Democrats were able to intervene effectively in the St.Petersburg strike movement of 1896, as well as well as in the strike waves which continued to increase throughout Russia, reaching a high peak in 1898.(13) Far from adhering to a strict theory of stages of struggle, by 1897 Social Democratic factory leaflets already included bold attacks on the government and the social structure.(14) However, the strike movement of the middle and late 1890s did not develop into a mass struggle against absolutism, as both *About Agitation* and Lenin's draft program had anticipated. The political movement only emerged in 1900 and 1901, and primarily among students rather than workers. Without significant political success, the turn to agitation splintered in various different directions.(15)

What Was Economism?

From about 1897 until the development of the student movement in 1900 and 1901, various "Economist" currents developed within Russian Social Democracy. These currents argued that the working class should postpone or abandon directly political demands in order to concentrate on the securement of economic power. Essentially, the Economists sought to convert the turn to agitation into something more than a necessary tactical and strategic shift. In the absence of widespread political struggle, the Economists particularly appealed to workers who had been attracted to the movement by the strike waves and who had not undergone a long period of circle training.(16)

The specific groups that have been described as Economists were far from being politically homogeneous. Moreover, after only a few years they were politically defeated; in fact, this had already happened by the time Lenin's *What Is To Be Done?* was published in 1903. In later years, the term "Economism" was used in a much looser and sometimes purely polemical manner, and there was a considerable overlap between the concept of Economism and political reformism in general, whether in its liberal or social democratic versions. This does not mean that the Economists did not have a political orientation or ideology. In fact, the most extreme Economists – the "Credo" advocates – were deeply under the influence of Bernstein's explicit

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reformism and argued that workers should confine themselves primarily to economic struggles while still providing support to the middle class opponents of tsarism. Thus, the "Credo" group was not apolitical; instead, it proposed a division of labor that would effectively prevent *independent* working-class political activity.

Altogether, there were three organized Economist currents. In 1899 the "Credo" manifesto, written by E.D. Kuskova and supported by her husband, S.N. Prokopovich, was distributed among Social Democrats outside Russia who were favorable to Bernsteinian Revisionism. This statement maintained that in Russia, unlike the West, absolutism made it very difficult for the workers: movement to develop. Consequently, only by concentrating on economic issues could the labor movement develop in accord with Russian reality. While other Economists were hostile to the "possessing classes," the Credo insisted that it was necessary to collaborate with the bourgeoisie and support liberal leadership in the political struggle.(17) Eventually, Kuskova and Prokopovich followed the logic of their political line and joined the non-Socialist "Union of Liberation," which was inspired by the former "legal Marxist" and liberal, P. Struve.(18)

Rabochaya Mysl was the more clearly Economist of the other two tendencies. Founded as a private venture by Takhtarev, one of the leaders of the St. Petersburg League of Struggle, this publication began to appear at the end of 1897. While one can find political themes in *Mysl* because the journal contained a variety of views,(19) it greatly stressed the primacy of pure trade union struggles and disparaged the importance of politics and civil liberties.

> The truth is that every strike, every mutual aid fund, every labor union will become legal when it becomes a matter of habit, when it is immaterial whether it is permitted or forbidden. The question of organization is not one of law but of the imperious demands of life.(20)

Rabochee Delo was the most ambiguous of the Economist tendencies. Launched in late 1898 and published by Krichevskii and Teplov and later by Martynov, the journal explicitly condemned the extreme Economism of the "Credo." In any case, by the time of the widespread student political demonstrations throughout Russia in 1901, both *Rabochee Delo* and *Rabochaya Mysl* strongly urged the intensification of the political struggle.

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In March 1901, *Rabochee Delo* called on all Social Democrats to mobilize a working-class offensive against absolutism. The editors even supported the terroristic act of the student Karpovich, arguing that "in the bitter struggle" that had just begun against tsarism the workers should meet "terror with terror, violence with violence."(21)

Both *Rabochee Delo* and *Rabochaya Mysl* developed political positions that were later associated with various forms of opposition to Bolshevism. Thus, *Rabochaya Mysl* defended the notion of a peaceful and evolutionary road to socialism,(22) while *Robachee Delo* counterposed its own professed democratic and anti-hierarchical concept of organization to that of the more orthodox Marxists(23) (the latter included those who would later become both Mensheviks and Bolsheviks). Both journals placed great stress on spontaneity. At best, this allowed workers to express themselves in these journals in their own language. At worst, the advocacy of spontaneity meant the absence of leadership and the inevitable tendency to "tail" behind events rather tham ahead of them. Thus, by 1900, while *Rabochaya Mysl* had continued to express the spontaneous views of the old-timers among the workers, it fell behind the developing political concerns of the more radical workers.(24) In the case of *Rabochee Delo*, advocacy of spontaneity involved, initially, support for terrorism.(25) The journal also argued for viewing "tactics as process, " a view which it opposed to that of the orthodox Marxists around *Iskra*, for whom, it charged, tactics were " a prearranged and unchangeable plan of action." Krichevskii claimed that the changing spontaneous desires of the workers were also part of objective reality. Thus, according to Krichevskii, it was *Iskra* that in ignoring these subjective factors failed to be properly objective. A "tactical task begins to exist," said Krichevskii, "only when it is thrust forwards by the very course of the struggle ... the appearance on this earth of a new social order will be primarily the result of spontaneous outbreaks."(26)

Perhaps the key issue on which *Rabochee Delo* can be seen as a precursor of Social Democratic reformism was its theory of stages of struggle. Undoubtedly influenced by the embryonic stage theory formulated in *About Agitation*, Krichevskii made a great deal more out of this idea and drew some practical political conclusions. As the historian J.L.H. Keep explained

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Krichevskii's theory and the orthodox reaction to it:

> "Economic struggle," he wrote, "is the form initially taken by the mass movement and an irreplaceable school of political education." The working class was made up of several strata, each at a different stage of political evolution, and "political demands ... must at first correspond to the experience gained from economic struggle by the stratum concerned." The Social Democrats should "start from the beginning" and observe "gradualness in their work of agitation." He later explained that this was designed simply as a "pedagogic approach," and protested that he was innocent of the charge of "opportunism," since he did not seek to conceal the final end of the process ... [The orthodox] angrily accused *Rabocheye Delo* of cutting down the scope of the movement to suit the more backward workers." (27)

In addition, *Rabochaya Mysl*, quite unlike the *Credo*, took a stance that could be properly described as "workerist."(28) The journal expressed strong hostility toward the intelligentsia elements in Russian Social Democracy, presumably on behalf of the worker elements of the Party. *Rabocheye Delo*, while it did not share *Rabochaya Mysl*'s antipathy toward the intelligentsia, showed little sympathy for the peasants, who were to be "neutralized"; as Martynov asserted, "we know very well how slight the chances are of bringing about a broad-based political movement amongst the peasant millions."(29)

Economism can perhaps best be understood as a variety of reformism that emerged at a particular political conjuncture — a conjuncture characterized by the efforts of a socialist party to mobilize the discontent of workers against employers while those workers still retained at least some degree of allegiance to or acceptance of the tsarist regime and while revolutionary elements among the bourgeoisie proved unable to lead a political struggle against absolutism. In this context, the emphases on spontaneity and on sharply defined stages of struggle were attempts to escape the inevitable tension between immediate reform struggles and the ultimate revolutionary goal that revolutionaries must come to terms with in order to be able to act in non-revolutionary situations. In this particular situation, the stress on spontaneity allowed the escape from that tension by predicting that the historical process would inevitably ensure the success of the revolution through a series of equally inevita-

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ble and sharply defined stages of struggle.

Social Democracy in Retreat (1900-1905)

By 1902 the primarily student-based political movement was petering out. This student movement had diverted attention from Marxism, particularly since strikes had been declining since 1899. Although workers often took to the streets to support and defend the student demonstrators, the number of strikes did not decisively rise again until the revolutionary year of 1905 – with some exceptions, particularly the strike wave in 1903.(30) By the end of 1903, many workers had cut their ties to the intelligentsia or left the ranks of the Social Democratic movement.(31) Furthermore, the development of agrarian unrest in 1902 occasioned a significant number of defections to the newly formed Socialist Revolutionary Party.(32) In short, these years were a bleak period for Russian Social Democracy, a period that was decisively reversed only by the 1905 Revolution.

Counter-revolutionary activity by the tsarist authorities was one important factor weakening Social Democracy during this period. Thus, in the wake of the 1903 strike wave, severe punitive measures taken by the government cut heavily into the worker and intelligentsia cadres of local organizations. These actions contributed heavily to disorganizing and further splintering of Social Democratic ranks.(33)

In addition, there is evidence that the internal struggle against Economism made it more difficult for Social Democrats to react to certain events even after the Economist currents had been defeated. Thus, during the 1903 strike wave in Southern Russia, the Kiev Committee was reluctant to organize a strike for fear that it would not take a political direction. The Committee finally decided that a large-scale economic strike was itself a political event.(34) P.A. Garvi, who had worked in Odessa from 1900 to 1902 and returned to Russia illegally in December 1904 noted:

> A strange dearth of people in the organization, a remoteness from the working masses and their daily interests, a meager organizational life in comparison with the recent past .... in Kiev, and in Rostov, and in Moscow – I invariably come up against one and the same phenomenon. In the Party organization were gathered mostly callow youths, hotheaded and resolute but weakly linked to the

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> working masses and uninfluential in the factories. The old Social-Democrats among the workers – the real vanguard of advanced workers formed in the period of propagandism and of so-called Economism – these old workers for the most part stood aside.(35)

The Bolshevik faction developed a very negative attitude toward trade union work, and attitude that was severely criticized by Lenin.(36) Even the Bund, with its long and successful tradition of trade union activity, went too far in reacting against Economism. Rafes, a Vilna Bundist, described how the local Bund was transformed from an organization of workers strictly by trade. The local Bund was initially transformed in such a mechanical way that:

> the six to seven hundred Jewish workers who comprised the tightly knit political organization of the Bund proper were broken up into groups *regardless* of their trades or, rather, *against* them: every group had to include different trades – cobblers, joiners, tailors ... The "economic" funds were left ... simply to their own devices.(37)

This particular arrangement did not last long, but it gives some indication of how intense anti-Economist sentiment harmed Social Democracy's ability to function in a difficult period.

This period was also marked by perhaps the most intense factionalism in the history of Russian Social Democracy before the 1917 Revolution. The 1903 congress produced the split between Bolsheviks and Mensheviks. Shortly before, in his 1902 pamphlet entitled *What Is To Be Done?*, Lenin had developed a new conception, different from that of the Draft Program of the mid-1890s, on the relationship between the economic and the political struggle. Lenin maintained that for workers to acquire political knowledge, Social Democrats had to agitate and propagandize among all classes of the population, not just among workers.(38) He argued that workers, if left to their own devices, would only achieve trade union and not social democratic consciousness. In retrospect, it appears that Lenin exaggerated the importance of "Economism" which by then had already been politically defeated. Lenin may have "bent the stick" too far,(39) but he was attempting to pull Social Democracy out of a serious crisis. Allan K. Wildman has described

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how Lenin, while in Siberian exile,

> was disturbed by the fact that since the First Congress there had been no news of efforts to revive the party or to combat seriously the centrifugal tendencies of the movement. On the contrary, the evidence pointed only to further atomization of effort, smug satisfaction with local agitational techniques, and ever-increasing ideological instability. He merely heard unsettling reports of the rift between Plekhanov and young Social Domocrats Abroad, of the reflection of Bernstein's ideas in the works of Russian "critics" of Marx, and of the popularity of the "worker's organ", *Rabochaya Mysl*. The appearence of Kuskov's *Credo* and the theoretical "supplement" to the seventh issue of *Rabochaya Mysl* removed all doubt from his mind: the new trends threatened to reduce the Social Democratic movement to a mere appendage of the liberal and radical democratic oppositional groups .... (40)

The split alienated many workers, who perceived the faction fighting as wrangling among the intelligentsia that did not concern them. (41) Furthermore, the split exacerbated Social Democracy's organizational disarray. The ramshackle Bolshevik party organization of 1904 and 1905 was a far cry from the party professionalism advocated by Lenin. The Bolsheviks undertook very little activity in Petersburg in 1904; during that year they issued only 11 leaflets, compared with 55 in 1903. (42) Lenin himself was so heavily involved in the struggle against the Mensheviks that during the whole of 1904 there were only three references in his writings to the Russo-Japanese War. (43) The Mensheviks experienced similar difficulties because of their factional activity. In one district of St.Petersburg, the number of Menshevik circles declined from fifteen or twenty at the beginning of 1904 to only four of five by December. (44)

Another challenge to Social Democracy was police unionism — the attempt by elements in the tsarist government to organize controlled trade unions and to promote working-class support for the established social and political order. In 1902 Sergei V. Zubatov, Moscow's chief of police, even organized a demonstration of 60,000 on the anniversary of the emancipation of the serfs. (45) The Zuvatov unions operated with the permission of the police authorities under the legal guise of

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mutual aid societies,(46) and they were successful in recruiting many workers, including former Social Democrats. Eventually, Zubatov himself got into trouble with the authorities, and he was dismissed and forced to leave St. Petersburg in 1903.

Much more damaging to the Social Democratic and anti-tsarist movements were the activities of Father Gapon. Originally recruited by Zubatov, Father Gapon was actually an ally and collaborator rather than a simple agent of the police. His relative autonomy made him much more effective than the police chief had been. Thus, both men supported tsarism, but Zubatov approached everything from the narrow standpoint of national security, while Gapon was far more interested in the growth and development of the unions themselves.(47) Essentially, Gapon sought to build loyalty to the sovereign, a simple anti-revolutionary chauvinism and an organizationally autonomous labor movement that would collaborate with the regime.(48) His organization managed to recruit thousands of St. Petersburg workers. In December 1904, the Putilov management fired a number of workers belonging to his organization thereby creating an unavoidable challenge to Gapon's leadership. Gapon supported the ensuing strike, which eventually engulfed the whole city of St. Petersburg and led to the massacre that ignited the 1905 Revolution. Gapon then denounced the Tsar, went into hiding, fled abroad, and subsequently declared himself a Social Democrat, then a Social Revolutionary. He returned to Russia where he once again collaborated with the government before being executed as a traitor by the Social Revolutionary Petr Rutenberg.(49)

The Revival of Social Democratic Fortunes in 1905

The dynamic social conflict unleashed by the revolutionary situation in Russia(50) politicized the masses almost overnight. In St. Petersburg the decision of the government to adopt repressive measures was interpreted by thousands of demonstrators as meaning that the Tsar was no longer to be seen as the "little Father" who had the best interests of his people at heart. This was a moment of dramatic de-legitimation, of radical discontinuity, when the business of society did not continue to go on as usual. During the course of events in 1905, the boundary lines between economic and political strikes also broke down. Political and economic struggles followed and fed

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on each other. As Rosa Luxemburg noted:

> " ... the earlier mass and general strikes had originated from coalescing wage struggles which, in the general temper of the revolutionary situation and under the influence of the Social Democratic agitation, rapidly became political demonstrations ... The movement was now reversed. The general strikes of January and February broke out as unified revolutionary actions to begin with under the direction of the Social Democrats; but this action soon fell into an unending series of local (partial) economic strikes in separate districts, towns, departments and factories. Throughout the spring of 1905 and into the middle of the summer there fermented throughout the whole of the immense empire an uninterrupted economic strike of almost the entire proletariat against capital ..." (51)

In a revolutionary situation, the segregation between economics and politics collapses. Even in times of social peace, this segregation is only relative and a matter of degree. However, the politicization of workers in 1905 resulted more from a sudden and rapid loss of belief in the legitimacy of the political authorities than from economic struggles.

Thus, the theory of stages of struggle, which had been formulated in embryo by *About Agitation* and more fully worked out by *Rabochee Delo*, proved mistaken first of all in its schematic view of the economic struggle itself. As early as the mid-1890s, according to Leopold H. Haimson, the spontaneous labor movement was "likely to draw many of the participants in this movement to more, rather than less, radical conceptions than even a Lenin was as yet prepared to espouse." (52) In addition, the theory of stages of struggle failed to grasp the nature of political life and particularly the way in which *political events* would influence and radically change workers' consciousness. (53) "Bloody Sunday" – the 1905 massacre of workers in St. Petersburg – was a political event. It came about as the result of a trade union struggle, but it could just as easily have been the outcome of, for example, a demonstration organized amongst Russian soldiers recently defeated by the Japanese. To be sure, political events and political life in general operated within the framework of a society with a wide variety of fluctuating socio-economic strains and contradictions.

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Since it was not possible to predict leaps in the political or economic struggle, the Social Democrats found it desirable maintain a very flexible strategy that would allow them to deal with the immediate and more limited tasks at hand and, at the same time, be ready to take advantage immediately of whatever opportunities presented themselves for broader struggles. The theory of stages of struggle, with its rigid evolutionary view of the economic and political struggle, could not help but detract from such flexibility. It unavoidably set a course of action that was bound to fall behind changes in the consciousness and actions of the working class. Not every leaflet, demonstration, or organizing campaign could convey a political message — most of the party understood this. The problem with the Economists was that they converted a contingent tactic into an ironclad strategic doctrine.

Initially, the rapidity of the development of events in the 1905 Revolution surprised both Mensheviks and Bolsheviks. In fact, the Mensheviks regained their balance more quickly since they were able to respond politically to the St. Petersburg strike somewhat earlier than the Bolsheviks.(54) Not only were the Bolsheviks slow in recognizing the historic significance of the newly established Soviets, but they continued to resist union activity as "Economist", needlessly counterposing it to armed insurrection. Once again, Lenin found himself combatting the sectarian, schematic dogmatism predominant in his party.(55) It is worth wondering whether this Bolshevik inflexibility was not causally related to Lenin's own "stick-bending" political approach. While he probably realized that he was actually aiming at a goal that was short of or even different from his stated aims, this was certainly not apparent to his less politically sophisticated followers. His followers were thus miseducated and misled, and at the next political turn of the road found themselves unable to make the necessary adjustments in their political line, thus effectively becoming the rearguard rather than the vanguard of the revolutionary movement. The Bolshevik rank-and-file became so one-sidedly anti-Economist part-builders that they could not, at least initially, recognize the enormous importance of union and Soviet activity in 1905.

It must be recognized that Lenin's ability to grasp the key political link in a situation and insist on its centrality, allowed him to understand the meaning of the events of 1905 and to

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realize that it had become possible to recruit a much larger number of workers to the party. In fact, these events led Lenin to "bend the stick" again in an opposite direction from *What Is To Be Done?* and adopt a third, and potentially no less misleading, view of the political capabilities of the working class:

> " ... Social-Democracy has established a name for itself, has created a trend and has built up cadres of Social-Democratic workers. And now that the heroic proletariat has proved by deeds its readiness to fight, and its ability to fight consistently and in a body for clearly-understood aims, to fight in a purely Social-Democratic spirit, it would be simply ridiculous to doubt that the workers who belong to our Party, or who will join it tomorrow at the invitation of the Central Committee, will be Social Democrats in ninety-nine cases out of a hundred. *The working class is instinctively, spontaneously Social-Democratic*, and more than ten years of work put in by Social-Democracy has done a great deal to transform this spontaneity into consciousness.(56)

The depth of previously existing Social Democratic influence in the Russian working class was demonstrated even within the developing Gapon movement itself. A student of that movement has pointed out that "although the direct influence of the Social Democrats was negligible, the Gaponovite movement clearly showed how deeply the ideas of Social Democracy and the labor movement struggle were ingrained in the workers."(57) However, Gapon's organization actually helped to unleash the revolutionary wave, and being unable to cope with this wave, it quickly disappeared from the political scene. Despite their political shortcomings, the Social Democratic cadre, on the basis of the ideological influence they had established years earlier and their concrete leadership in day-to-day trade union and political matters, were able to overcome their initial failures and become leaders of the 1905 Revolution.(58) The original turn to agitation had been vindicated by historical events. It had helped to establish a Social Democratic presence in the working class that would later bear fruit.

The present day opponents of "Economism" often misunderstand the earlier history and controversy about Economism in the emergent periods of the Russian revolution, and the social and historical context within which these polemics

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and controversies took place. Thus, they specifically ignore the fact that Economism developed as a result of the turn towards direct economic agitation. As we have seen this turn was supported by both Lenin and his Economist opponents and proved to be highly influential in bringing about the acceptance of Social Democracy amongst the working class. To the limited extent that historic analogies can be drawn, the state of contemporary leftist movements in many, but not all, non-socialist Western societies is far closer to the frontier of the corresponding Social Democratic movement – Imperial Russia of the early 1890s – than in the Russia of the late 1890s and early Twentieth Century, i.e. we see a leftist movement which is – as yet – still estranged from the masses of the working classes. Whether the revolutionary leaders will change their strategy and successfully emulate the Russian "turn to agitation" with its implied use of trades unions for the recruitment of working class members, remains to be seen.

FOOTNOTES

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(1) Quoted in Nigel Harris, *The Mandate of Heaven: Marx and Mao in Modern China* (London, Quartet Books, 1978), pp. 113-14.

(2) Marxist ascendancy over Populism was helped by the development of Legal Marxism, a body of writing that provided Marxist analyses of Russian social and economic conditions without drawing political conclusions that would not have been allowed into print by the tsarist censorship. Many Legal Marxists (e.g. Struve, Berdyaev) later became important opponents of Marxism. See Arthur P. Mendel, *Dilemmas of Progress in Tsarist Russia: Legal Marxism and Legal Populism* (Cambridge, Mass., Harvard University Press, 1961). See in particular chap. 5, "Legal Marxism: The Philosophy and Economics of Dialectical Determinism," pp. 130-164.

(3) Leopold H. Haimson, *The Russian Marxists and the Origins of Bolshevism* (Boston, Beacon Press, 1955), pp. 21-22.

(4) Already by the mid-1890s, Plekhanov and Axelrod thought that Lenin's criticisms of Struve were too sharp towards the liberal bourgeoisie. As Plekhanov is reported to have said to Lenin: " You turn your behind to the liberals, but we our face." Tony Cliff, *Lenin, Vol. 1: Building the Party* (London, Pluto Press, 1975), page 37.

(5) Allan K. Wildman, *The Making of a Worker's Revolution: Russian Social Democracy, 1891-1903* (Chicago, The University of Chicago Press, 1967), pp. 34-5.

(6) *Ibid.*., pp. 35-6.

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(7) *Ob Agitatsii* (Geneva, 1896). There is no available English translation of this pamphlet. There is, however, a Yiddish version in *Arkady: Collection in Memory of the Founder of the Bund, Arkady Kremer (1865-1935)*, (New York, Editorial Our Time, 1942), pp. 293-321. I want to thank Yivo Institute for Jewish Research in New York City for kindly making this translation available to me. My thanks also to Professor Alexander Erlich for directing me to this valuable source.

(8) In order to avoid confusion with the different notion of social stages of development such as "absolutism," "bourgeois democracy," "socialism," etc., I will use the term "stages of struggle." It should also be noted at this point that Plekhanov would later (1900) criticize *About Agitation* for having failed to draw a firm line between the "party of the proletariat" and the "proletariat" itself. Plekhanov argued that the party represented the advance guard of the proletariat, its most conscious and revolutionary stratum. Jonathan Frankel, "The Polarization of Russian Marxism (1883-1903): Plekhanov, Lenin and Akimov" in *Vladimir Akimov on the Dilemmas of Russian Marxism, 1895-1903*, ed. Jonathan Frankel, (Cambridge, England, Cambridge University Press, 1969), pp. 46-7.

(9) Quoted in Vladmir Akimov, "Short History of the Social Democratic Movement in Russia," *Ibid.*, page 328.

(10) Haimson, *op. cit.*, pp. 72-3

(11) V.I. Lenin, "To The Working Men and Women of the Thornton Factory," Collected Works Vol. 2, 1895-1897 (Moscow, Foreign Languages Publishing House, 1963), pp. 81-5

(12) "Draft and Explanation of a Programme for the Social Democratic Party" *Ibid.*, pp. 103-4. Lenin's emphases.

(13) For a useful table containing the number of strikes and disturbances in Russia from 1870-1904, see Gaston V. Rimlinger, "The Management of Labor Unrest in Tsarist Russia: 1870-1905," *International Review of Social History*, Vol. V, part2 (1960), p. 229.

(14) Wildman, *op. cit.*, p. 65.

(15) As Lenin himself put it in *What Is ToBe Done?* "These exposures might have survived (if properly utilized by revolutionaries) as a beginning and a constituent part of Social Democratic activity, but they might also (and with subservience to spontaneity inevitably had to) have led to 'pure and simple' trade union struggle and to a non-Social-Democratic labor movement": *What Is To Be Done?*, (New York, International Publishers, 1929), p. 56.

(16) Wildman, *op. cit.*, p. 126.

(17) Haimson, *op. cit.*, pp. 86-7.

(18) Frankel, *op. cit.*, p. 35.

(19) For some examples of this see Vladmir Akimov, *op. cit.*, pp. 276-77. Elsewhere, Jonathan Frankel had noted that *Mysl* 'which is sometimes described simply as an "economist" journal, in actuality veered from one position to another like a weathercock in a whirlwind': Jonathan Frankel, "Economism": A Heresy Exploited," *Slavic Review*, Vol. XXII, No. 2 (June 1963), p. 268.

(20) Quoted in Haimson, *op. cit.*, p. 78. For another example of *Rabochaya Mysl's* underestimation of politics see Richard Pipes, *Social Democracy and the St. Petersburg Labor Movement, 1885-1897* (Cambridge, Mass, Harvard University Press, 1963), p. 130

(21) Haimson, *op. cit.*, p. 122.

(22) Wildman, *op. cit.*, pp. 145, 6, 8.

(23) Akimov, *op. cit.*, p. 360.

(24) Wildman, *op. cit.*, p. 136.

(25) V.I. Lenin, "A Talk with Defenders of Economism", *Collected Works*, Vol. 5, May 1901-Feb. 1902 (Moscow, Foreign Languages Publishing House, 1961), p. 317.

(26) Haimson, *op. cit.*, p. 123.

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(27) J.L.H. Keep, *The Rise of Social Democracy in Russia* (Oxford, The Clarendon Press, 1963), p. 63.

(28) See, for example, the editorial from the first issue of *Rabochaya Mysl* which concludes with the call, "workers for workers." Pipes, *op. cit.*, pp. 129-31.

(29) Quoted in Keep, *op. cit.*, p. 64.

(30) Rimlinger, *op. cit.*, p. 229.

(31) Wildman, *op. cit.*, p. 90.

(32) *Ibid.*, p. 217.

(33) *Ibid.*, pp. 249, 222.

(34) *Ibid.*, p. 248.

(35) Quoted in Solomon K. Schwarz, *The Russian Revolution of 1905: The Workers' Movement and the Formation of Bolshevism and Menshevism* (Chicago, The University of Chicago Press, 1976) p. 57.

(36) *Ibid.*, pp. 156-58,

(37) Quoted in *Ibid.*, p. 300. Rafes' emphasis.

(38) Lenin, *What Is To Be Done?*, pp. 76-77. It should be noted that there is nothing in *What Is To Be Done?* to substantiate the common assumption that Lenin wanted only members of the intelligentsia to be professional revolutionaries. In fact, Lenin looked forward to a situation where "the masses of the workers advance an increasing number of such professional revolutionaries from their own ranks": *Ibid.*, p. 103.

(39) "Stick-bending" refers to the fact that in this case, for example, Lenin did not merely assert against the Economists that the party could not rely on the trade union struggle by itself to make Socialists of the workers, etc. He"bent the stick" far beyond the point and asserted something that did not necessarily follow from the most radical "anti-Economist" stance; namely, that the working class by itself could never attain Social Democratic consciousness! Lenin's argument played into the hands of those who incited working-class party members against the Social Democratic intelligentsia, thus helping to aggravate a longstanding source of inner party conflict not particularly helpful to Lenin's goals. Tony Cliff confuses Lenin's error in this respect with the quite different matter of Lenin's constant insistence that the party unambiguously and decisively act on the political task at hand. Cliff, *op. cit.*, pp. 66-68.

(40) Wildman, *op. cit.*, p. 226. In 1907, Lenin denied that *What Is To Be Done?* was meant to serve anything more than the particular needs of a given political moment: "The basic mistake made by those who now criticize *What Is To Be Done?* is to treat the pamphlet apart from its connection with the concrete historical situation of a definite, and now long past, period in the development of our Party .... *What Is To Be Done?* is a *summary* of *Iskra* tactics and *Iskra* organizational policy in 1901 and 1902. Precisely a "sumary", no more and no less .... The Economists had gone to one extreme, *What Is To Be Done?* I said, straightens out what had been twisted by the Economists ... I emphasized that just because we were so vigoroulsy straightening out whatever had been twisted, our line of action would always be the straightest." Lenin, "Preface to the Collection *Twelve Years*" in *Collected Works*, Vol. 13, June 1907-April 1908, Moscow, Progress Publishers, 1972, pp. 101, 102, 107-8. Lenin's emphases.

(41) Schwartz, *op. cit.*, P. 213.

(42) Cliff, *op. cit.*, p. 132.

(43) *Ibid.*, p. 137.

(44) *Ibid.*, p. 134.

(45) Walter Sablinsky, *The Road to Bloody Sunday: Father Gapon and the St. Petersburg Massacre of 1905* (Princeton, Princeton University Press, 1976), p. 62.

(46) *Ibid.*, p. 60.

(47) *Ibid.*, pp. 101-2. See also Gerald D. Surh, "Petersburg's First Mass Labor Organization: The Assembly of Russian Workers and Father Gapon". Part I, *The*

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Russian Review, Vol. 40, No. 3, July 1981, and Part II, *The Russian Review*, Vol. 40, No. 4, October 1981.

(48) *Ibid.*, p. 114.

(49) *Ibid.*, p. 273. Gapon's personality and politics resembled those of the social bandits analyzed by E.J. Hobsbawm: "The tough man, who is unwilling to bear the traditional burdens of the common man in a class society, poverty and meekness, may escape from them by joining or serving the oppressors as well as by revolting against them. In any peasant society there are 'landlords'bandits as well as "peasant bandits", not to mention the state's bandits ... one sort of bandit can easily turn into another ... Individual rebelliousness is itself a socially neutral phenomenon, and consequently mirrors the divisions and struggles within society .... The social brigand appears only before the poor have reached political consciousness or acquired more effective methods of social agitation. The bandit is a pre-political phenomenon, and his strength is in inverse proportion to that of organized agrarian revolutionism and Socialism or Communism." E.J. Hobsbawm, *Primitive Rebels* (New York, W.W. Norton and Company, Inc. 1965), pp. 13, 23.

(50) For an alalysis of the role of the Russo-Japanese War as a cause of the 1905 Revolution, see Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge, England, Cambridge University Press, 1979), pp. 94-6.

(51) Rosa Luxemburg, "The Mass Strikė, The Political Party and the Trade Unions," in *The Mass Strike, The Political Party and the Trade Unions and the Junius Pamphlet* (New York, Harper and Row, 1971), p. 29.

(52) Leopold H. Haimson, editor's preface to Wildman, *op. cit.*, p. XII.

(53) This is also a problem with the Marxist tradition associated with Georg Lukacs. Lukacs' views call attention to the revolutionary significance of a putative working-class consciousness, which has attained a view of the society as a whole undistorted by the division of labor, false consciousness, and so on. Not only does this model of class consciousness fail to distinguish different levels of social and political awareness within the working class, even in revolutionary situations, but also its ahistorical character cannot come to grips with the significance of political life discussed here. See Georg Lukacs, *History and Class Consciousness* (Cambridge, Mass., The MIT Press, 1970), pp. 46-222.

(54) Cliff, *op. cit.*, pp. 152-53.

(55) Cliff, *op. cit.*, pp. 159-168, and Schwarz, *op. cit.*, pp. 137-38.

(56) Lenin, "The Reorganization of the Party". *op. cit.*, Vol. 10 Nov. 1905-June 1906, p. 32. My emphasis.

(57) Sablinsky, *op. cit.*, p. 182.

(58) *Ibid.*, p. 304. Leopold Haimson explained later Bolshevik influence in the metalworking industry along similar lines " ... if the workers in the metalworking industry were so much more agitated politically than workers in other industries, it was partly because the labor force in the metalworking industry consisted of a peculiar combination of skilled and unskilled, experienced and inexperienced, workers – the older and more skilled workers contributing in their contacts with the young and unskilled a long-standing exposure to revolutionary, and specifically Bolshevik indoctrination." Haimson. "The Problem of Social Stability in Urban Russia, 1905-1917 (Part One)" *Slavic Review*, Vol. XXIII, No. 4 (Dec. 1964), p. 637.

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THE COMMUNIST TAKEOVER OF MOZAMBIQUE: AN OVERVIEW

By Clifford A. Kiracofe Jr.

The Portuguese explorer Vasco da Gama first visited Mozambique's coast in 1498 en route to India. In the early 16th century, the Portuguese established forts on Mozambique Island and at Sofala on the Mozambican coast. Several settlements were then founded among them Sena and Tete. In 1592, the colony became an overseas province of Portugal.

During the latter 19th century, the "scramble for Africa" occasioned the Berlin Conference, 1884-1885. At the conference the Portuguese were guaranteed their "right of occupation" of their African possessions. Significantly, however, the British Empire instead of Portugal was awarded the lands in central Southern Africa which separated Angola on the Atlantic Coast from Mozambique on the Indian Ocean. These areas later became Northern Rhodesia (today's Zambia), Southern Rhodesia (today's Zimbabwe) and Nyasaland (today's Malawi).

FRELIMO

The FRELIMO or *Frente de Liberação de Mozambique* (Mozambique Liberation Front) was founded in 1962 by merging three existing nationalist parties: UDENAMO (National Democratic Union of Mozambique), MANU (Mozambique African Nationalist Union), and UNAMI (African Union of Independent Mozambique).(1) The first President of FRELIMO was Dr. Eduardo Mondlane and the first vice-president was Uriah Simango. The main support base of FRELIMO was from the Makonde people in northern Mozambique. Mondlane was assassinated in 1969 and the FRELIMO leadership was further weakened by Simango's defection from the movement shortly thereafter. Simongo and Lazaro Kavandome had rebelled against Samora Machel and Simango reportedly died in detention ordered by Machel.

The leadership question was resolved through the firm control of Samora Machel and Marcelino dos Santos, an official founder of FRELIMO, who were at the helm during the armed

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takeover in 1974-75. The leftist coup in Lisbon in April 1974 facilitated the rise to power of the "National Liberation Movements" in former Portuguese African areas. Mozambique became independent on 25 June 1974 under the FRELIMO regime and its official flag embodies a Soviet AK-47 assault rifle in its emblem.

At the third Party Congress (the first was held in 1962, the second in 1968) in February 1977 FRELIMO was officially designated a Marxist-Leninist "vanguard party" and styled FRELIMO Party (*Frelimo Partida*). The transformation of the National Liberation Movement into an orthodox Marxist-Leninist party was effected through cooperation with the Communist Party of the Soviet Union. This process of Moscow-guided transformation is parallel to the Angolan case, and a further example is to be found in the more recent Nicaraguan case(1a).

As a Soviet-style "vanguard party," FRELIMO has maintained a pattern of party purges. After a Central Committee meeting in August 1978, for example, five members were publicly disgraced including the Agriculture Minister, Joaquim Ribeiro de Carvallo, who was made a scapegoat for the utter failure of agriculture under socialism.

Key figures from the old guard guerilla days have been Alberto Chipande (Minister of Defense), Sebastião Mabote (Chipande's deputy), Armando Guebuza (Chief Political Commissar). Chipande and Mabote have been among the few blacks from northern Mozambique holding senior governmental posts. Another veteran of the old guard, Joaquim Alberto Chissano (Prime Minister and Minister for Foreign Affairs) operated FRELIMO's Dar es Salaam office for many years.

Leading hard-line intellectuals have included: Dr. José Oscar Monteiro (Minister of State for the Presidency), a white and close confidant of Machel; Sergio Vieira (Governor of the Central Bank), a white; and Jacinto Velosa (Head of Intelligence), a white. Other intellectuals who have had influence include: Dr. Marcelino dos Santos (former vice-president and planning minister) a mestizo; Jorge Robelo (Former Information Minister) of Goan origin; Mota Lopes, a white; and Janet Mondlane, American born widow of the FRELIMO president.

Leading "technocrats" have included: Dr. Jose Luis Cabaço (Minister of Information, former Minister of Transport), a

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white, Dr. Rui Baltazar dos Santos Alves (Minister of Finance), and Julio Zamith Carrilho (Minister for Public Works and Housing), a mestizo.

External Relations

The salient features in Mozambique's external relations have been the close tie to Moscow and the support extended to Robert Mugabe's ZANU (Zimbabwe African National Union) National Liberation Movement and its armed guerrilla wing ZANLA. With Mugabe now in control in Salisbury, Mozambique's attention could turn to support of National Liberation Movements operating against South Africa. Machel, however, faces a growing internal threat to his own regime, the RMN, and it appears that Mugabe will cooperate with Machel to destroy the opposition. Mozambique, significantly, has joined the Soviet controlled "Council for Mutual Economic Assistance" (Variously, CEMA, COMECON, or CMEA) on an "observer" basis.

As has been the case with Angola, Western opinion and analysis generally has not been accurate in its assessment of the regime's ideological orientation in spite of the fact that the regime has explicitly adopted Soviet-line Marxist-Leninism. Machel's regime, like Angola, adheres to the Soviet inspired concept of "scientific socialism" and to the principle of "proletarian internationalism."(2) Machel's full support of Mugabe, closely coordinated with Moscow and the Soviet Bloc, was in line with his commitment to support "national liberation" as part of the "world revolutionary process."

In October 1978, the country's first military academy was established at Nampula.(3) Political and military training of officers is under Soviet direction. In April 1980, Mozambique signed a military defense cooperation agreement with Bulgaria.(4) While the FRELIMO Party had a party-to-party agreement with the CPSU since the early days of independence, it established close working ties officially with the Communist Party of Portugal in 1980.(5) Alvaro Cunhal the Stalinist head of the Portuguese CP, it may be recalled, was a close confidant of Neto of Angola.

Machel's regime maintains training camps for revolutionaries from moderate African states. It is known that Malawians, Swazis, and Kenyans, for example, are beginning guerilla training and political indoctrination in Mozambique.

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Mozambican Support of Mugabe's ZANLA

Machel's support of the "war of national liberation" in Rhodesia (today's Zimbabwe) was substantial. Essentially, Machel provided financial, logistical and military support for the war. Mozambican ports received shipments of war material from the Soviet Bloc, guerillas were trained in Mozambican camps, and Mozambican armed forces were integrated with ZANLA.

The terrorist offensive in Rhodesia opened in earnest in 1972 with an attack on a tobacco farm in the Centenary district in northern Rhodesia. Prior to 1972, there had been sporadic incursions, but these had presented no grave problems. ZANLA and ZIPRA, while backed by the same Soviet Bloc countries, adopted different operating modes and procedures.

The military wing of Robert Mugabe's ZANU, ZANLA, operated essentially on a classical marxist-leninist guerrilla structure. There were some indications, however, that it was shifting to a more conventional mode during late 1979. ZANLA divided Rhodesia into operational sectors. Each sector had a command structure at the sectorial level which included a sectorial commander, a sectorial political commissar, a sectorial logistics officer, and a sectorial medical officer. Sectors were then subdivided into detachments, and there were generally up to ten per sector. Each detachment had its own command structure which included a detachment commander, a detachment political commissar, a detachment logistics officer, and a detachment medical officer. Detachments were further subdivided into sections. There were normally three sections to a detachment. Each section had a command structure which included a section commander, a section political commissar, a section logistics officer, and a section medical officer. There were between 60 to 100 men in a detachment and between 10-30 men in a section.

The sectors inside Rhodesia linked to one of three sectors inside Mozambique, depending upon location. ZANLA divided Mozambique into three sectors — Tete, Manica, and Gaza from north to south — which correspond to three Mozambican provinces bearing those names and bordering Rhodesia. Each of these three sectors had its own command structure, and jurisdictions across the border to Rhodesian sectors were not mixed; central command headquarters were located in Maputo, Mozambique. ZANLA's ultimate objective was Salisbury, and

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its strategy involved the politicization through intimidation of the rural masses in order to isolate Salisbury.

An important development in 1979 signalled a new phase in ZANLA's offensive: ZANLA and Mozambican FRELIMO regular army were completely integrated. In December 1978, Samora Machel had declared that 1979 would be "The Year of the Storm." He took the decision to completely integrate ZANLA with his own forces and to introduce his own forces inside Rhodesia to fight alongside ZANLA. The first joint incursion occurred in January 1979 and included some 200 FRELIMO regulars. Subsequently, over 100 regular Mozambian troops were killed while operating inside Rhodesia. ZANLA used Mozambican transport, logistics, and armories. Modern Soviet radio communications equipment provided a direct link to the three Mozambican sector headquarters as well as to overall command headquarters in Maputo.

By mid-November 1979, ZANLA was estimated to have 11,000 terrorists operating inside Rhodesia, and the number rose rapidly during the Lancaster House talks. The rainy season runs from November to March in Southern Africa, and this climatic factor has a direct bearing on military operations as dirt roads become difficult and even impossible to transit. ZANLA, therefore, from the beginning of the Lancaster House talks in September, moved massive amounts of material into Rhodesia. Movement of material through the "Gaza" sector was particularly intense, and Rhodesian security forces responded by several external raids against key bridges and transport networks in the area. Material being brought into Rhodesia included AK-47s, heavy mortars, 75 mm recoilless rifles, 122 mm rocket launchers, RPG-7 anti-tank rockets, land mines, ammunition, and high explosives. Prepositioning these supplies before the rainy season became difficult allowed for the possibility of an increased offensive beginning in late December 1979.

The training of ZANLA terrorists took place principally in Mozambique, Tanzania, and Ethiopia. Owing to the threat from deep external raids by Rhodesian security forces, terrorist training shifted during 1977-1978 to Ethiopia and Tanzania. There were training facilities inside Mozambique however, at Maputo, Tete, Beira, and Nacala. ZANLA terrorists could be trained at the rate of 4,000 to 5,000 in four to five months. The principal centers in Tanzania were at Morogoro and Iringa,

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both west of Dar es Salaam. There were Soviet, Cuban, East European, and Red Chinese instructors involved in the training process. The Chinese were in Tanzanian camps. Air transport for guerrillas was provided by the national air lines of Ethiopia, Tanzania, and Mozambique. Terrorists could by flown back to Mozambique and be fighting inside Rhodesia within 72 hours.

Soviet Bloc arms and munitions for ZANLA forces arrived at the three major Mozambican ports: Maputo, Beira, and Nacala. At Maputo, vast quantities of small arms, ammunition, explosives, trucks, tanks, land mines, and other war material were offloaded from Soviet Bloc ships. There were an estimated 190 Soviet tanks, including T-54s, in Mozambique in late 1979. Several Soviet tanks were captured by Rhodesian security forces. There was a Soviet tank training base near Maputo and another outside Nacala. Because Maputo is so close to South Africa, it is quite vulnerable to a punitive South African air strike. Such a strike could level the city in under an hour. Machel, therefore, has had, by some reports, plans to move the capital further north and inland. There are SAM 2 and SAM 3 anti-aircraft missile systems around Maputo. Mig 17 and Mig 21 aircraft have been reported in airbases near Maputo.

In Nacala, located in Northern Mozambique, there are major weapons stockpiles and munitions dumps. Reliable reports indicate that uniformed Soviet soldiers stand guard at these facilities. There is also an airbase where Soviet aircraft are assembled after coming in crates by sea to the port. There is a Soviet tank training base here as well. The three deep water berths receive Soviet Bloc ships and allow the offloading of equipment such as tanks, self-propelled howitzers, Mig 17s and Mig 21s. The port is not yet fully developed, but it could be one of the premier deep water ports on the Indian Ocean. It is a large natural bay, unlike Beira and Maputo, which are located at the terminus of rivers and, therefore, constantly silt up.

Beira is located on the central Mozambican coast and is an important center for Soviet Bloc delivery and storage of war material. Central Mozambique has been in revolt against the Communist Machel regime in the south. The resistance movement RMN have captured at least six towns and may well be in a postion to capture Beira at some later date.

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Machel State Visit to Moscow, 17 to 22 November 1980(6)

Chairman of the FRELIMO Party, and President of the People's Republic of Mozambique, Samora Machel paid an official state visit to the Soviet Union from 17 to 22 November 1980 at the head of a Party and State delegation. The Machel delegation was composed of:

- Samora Moises Machel, Chairman of FRELIMO Party and President of the PRM
- Joaquim Alberto Chissano, Minister of Foreign Affairs
- Mario da Graca Machungo, Minister of Planning and Agriculture
- João Americo Mpfumo, Commander of the Air Force
- Sergio Vierra, Director of the Bank of Mozambique in the rank of Minister
- Antonio Rodrigues Branio, Minister of Industry and Energy
- Tobias Dai, Deputy Commander of the Army
- José Julio Andrade, Head of the Personnel Department of the FRELIMO Party and Chief of the Office of the Chairman of the FRELIMO Party
- Abdul Magid Osman, Secretary of State for Coal and Hydrocarbons
- Zacarias Kupila, General Secretary of the Organization of Mozambican Youth
- João dos Santos Ferreira, Secretary of State for Cotton Cultivation
- Joaquim Tenreiro de Almeida, Secretary of State for Fisheries
- Hipolito Zozimo Patricio, PRM Ambassador to Soviet Union

The character of the Mozambican relationship with the Soviet Union as well as the outlook of Machel's regime were demonstrated in the official "Joint Soviet-Mozambican Statement" following from the state visit.

The key passage reflecting the ideological position of the FRELIMO Party as well as its relationship to the CPSU was as follows:

> During the exchange of opinions on questions of cooperation between the CPSU and the FRELIMO, it was reaffirmed that the development of the fraternal ties between the two Parties, based on the principles of Marx-

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ism-Leninism and proletarian internationalism, is of important significance for the whole complex of revolutionary movement.(7)

Mozambique's attitude towards the Soviet Union's role in the world was clarified as follows:

> The Mozambican side welcomed the big successes scored by the Soviet people under the leadership of the Communist Party of the Soviet Union in building a developed socialist society and creating the material and technical basis of communism. It stressed the big role which the country of Lenin is playing in the preservation of peace in the entire world, in the struggle for an end to the arms race, for detente and disarmament, for the victory of the revolutionary forces of today. Also stressed was the importance of the assistance given by the Soviet Union to the struggle of the oppressed peoples for thier liberation.(8)

The trends in Africa were assessed by Moscow and Maputo who pointed out that:

> ... a deepening of the anti-imperialist content of the national liberation struggle on the African continent. The growing number of the African countries which have set themselves the aim of restructuring their societies on socialist principles constitutes a prerequisite for a further development of the successful anti-imperialist struggle in Africa.(9)

As for the Mozambican role in the Rhodesian war:

> The Soviet side highly appreciated the internationalist assistance given by the People's Republic of Mozambique to the struggle fo the people of Zimbabwe for its national independence, as well as the joint solidarity of the front-line states.(10)

As for the Soviet role in the Rhodesian war::

> The Mozambican side noted the assistance which the Soviet Union and other socialist countries have given in the cause of Zimbabwe's liberation.(11)

A series of documents were signed during the talks both party to party and government to government, notably:

- Agreement on Cooperation Between the Communist Party of the Soviet Union and FRELIMO
- Agreement on the Establisnment of a Soviet-Mozambican Inter-Governmental Commission of Economic and Technical Cooperation and Trade

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- Protocol on Cultural and Scientific Cooperation for 1981-1982

In sum, the state visit emphasized the commitment of the Machel regime to "scientific socialism," i.e., Soviet-line Marxist-Leninism, and broadened the network of Treaties and Agreements binding the two countries.

Internal Problems

The Economy: In 1974 the giant Cabora Bassa hydroelectric project in Tete province was nearly completed and the Massinga Dam in southern Mozambique, which was to provide irrigation for agricultural projects was nearly completed. The Mozambican economy was making substantial progress as export revenues for cashew nuts, lead, cotton and sugar were substantial. Industrial development was proceeding apace, mineral exploration extensive and revenues from harbors, railroad and tourism were steadily increasing.

The Mozambican GNP had risen from a 4.2% annual growth rate in 1967 to a 9.5% in 1971 and the 4th development plan was scheduled to bring annual GNP to a steady 10% rate.(12) While a low level guerilla war had been on in northern Mozambique for some 10 years, the prospects for the country were bright. Then came the April 1974 Portuguese revolution and the unravelling of the political bases of the overseas territories.

Shortly after the accession to power in June 1975 of FRELIMO the country was set on an internal course of Sovietization. The regime nationalized land, rented property, private law practices, schools, hospitals, banking and insurance without compensation. Over 250,000 whites fled the country as did numerous members of the black elite. Tribesmen were forcibly shifted from ancient ancestral areas to collectivized settlements. Political indoctrination was combined with other schemes of mass mobilization. Concentration camps honeycomb the country and by some accounts the number of hapless inmates approaches 100,000.

By 1978, agricultural and industrial production had dropped by 70%.(13) The production alone dropped from 19,000 tons in 1974 to 13,000 tons in 1977, for example.(14) A 1978 UN review communique reported that Mozambique would have to import 192,000 tons of food during latter 1978 and 386,500 tons during 1979.(15) Internal budgets have showed massive

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deficits and the balance of payments has been seriously negative. According to UN estimates, the overall balance on current and capital account has deteriorated from a deficit of only $6 million in 1973 to $185 million in 1977 and $225 million in 1978.(16) Skilled manpower is limited and, in fact, South African technicians run the country's railroads and the port of Maputo.

It has been estimated that Machel spent over $175 million per year to support Mugabe's national liberation movement, ZANU and its military wing ZANLA in Rhodesia.(17) Machel is also said to have diverted 30% of this national budget towards the Rhodesian war.(18)

Political-Military Opposition:(19) The Mozambique National Resistence (*Resistencia Nacional Mozambicana* — RNM) has emerged in recent years as a strong nationalist and anti-communist movement opposed to the Machel regime. It is not surprising that such a movement has developed in Mozambique given the deplorable state of the economy and the high level of social discontent and frustration since 1975. Like Jonas Savimbi's UNITA movement in Angola, the RNM is composed mainly of former guerillas, tribesmen struggling for real national independence, and former military and police elements.

The RNM has scored notable successes in Central Mozambique and has broad popular support. In fact, the RNM has control over a number of towns and is reported to hold sway over broad areas of Central Mozambique extending from Beira on the coast all the way to the Zimbabwean border. The future of the RNM is, however, uncertain. Owing to the grave threat the RNM poses to the Machel regime, an understanding has been reached between Mugabe and Machel for joint action to suppress it. It is known that substantial logistical support for the RNM was based in Zimbabwe before the "PATRIOTIC FRONT" control in Salisbury was realized in April 1980. Additionally, Mugabe has a substantial debt to pay Machel for his support of ZANU/ZANLA. Conceivably, joint action between Machel and Mugabe, buttressed by Soviet Bloc support, could geographically isolate the RNM, cut its lines of supply and gradually eliminate it as a threatening factor.

Prospects

The socio-economic situations in Mozambique and Angola

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are comparable though it would appear that the former is in more dire straits. With an economy in ruins, with ancient tribal settlement patterns rent asunder, with the systematic use of terror to quell unrest, the current and near term situation in Mozambique is far from hopeful.

Samora Machel's FRELIMO Party regime in the face of economic disintegration, social unrest, and armed internal opposition, has consistently tightened its relations with the Soviet Bloc. There is a view in the West that Maputo can be dislodged from the Soviet camp through economic inducements. Such an initiative, though, does not seem likely to succeed for a number of reasons. For example, the Mozambican military and security forces (secret police, etc.) are clearly under Soviet Bloc management and influence. It does not follow logically that Western aid and investment will automatically cause Mozambique to disengage from Soviet Bloc influence. Such aid, rather, would ease Machel's internal position and allow him to continue to rely on Soviet Bloc security assistance. Angola has traded with the West since 1975 yet there has been no indication that Luanda's ties to Moscow have been weakened.

Machel's regime is closely tied ideologically to Moscow. The 1977 party agreement with the CPSU is an indication of the extent of ideological affinity and commitment. That Machel's national liberation movement was restructured on an orthodox Soviet-line basis demonstrates yet another dimension of "fraternal cooperation" and guidance. There are no signs that Machel's party is flagging in its enthusiasm for Moscow. This fact is demonstrated by Machel's state visit to the Soviet Union, 17-22 november 1980, which considerably broadened and deepened cooperation.

From a strategic point of view, Mozambique's geographic position in Southern Africa holds not only important implications for the Southern African landmass, but also for the adjacent sea lines of communication. Mozambique is contiguous to six countries: Tanzania, Malawi, Zambia, Zimbabwe, South Africa and Swaziland. As such, Mozambique is well situated to provide a platform for subversion against neighboring countries such as South Africa, Swaziland, and Malawi. It should be borne in mind that Maputo is only several hundred kilometers form the industrial heartland of South Africa — the Rand — on the Johannesburg-Pretoria axis.

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From a naval point of view, the Mozambique channel, running between Mozambique and Madagascar is a key sea line of communication along the Cape Route. It is possible that Mozambique could provide naval bases and/or facilities for the Soviet Bloc with the consequent threat of interdiction of seaborne trade or naval vessels in the Channel.

Mozambique has fallen under the sphere of influence of Moscow and is playing an important role in furthering the Kremlin's designs in southern Africa as well as in the Indian Ocean basin. It is in the interest of the West, and indeed of the peoples and nations on the African continent, to check and roll back Soviet expansionism in southern Africa. The Soviet intervention in Afganistan, the radicalization of Iran and the potential for a Communist takeover by the Tudeh Party, the sudden outbreak of the Iran-Iraq War, the threat of an Indian attack on Pakistan, illustrate the political, economic, and military consequences of instability in another broad region of great strategic importance to the West.

To allow such a situation to further develop in Southern Africa, either by default or by lack of a systematic and united policy of nations opposed to Communism, would be not only irresponsible but dangerous. A Western world in economic disarray and in potential chaos, as during the Great Depression, could offer minimal assistance to the achievement of the goals for development held by man in the so-called Third World. (20) Less developed African countries could slide precipitously backward as their own export markets collapse and world capital markets constrict or evaporate as a result of severe traumas exacerbated by instability in southern Africa. (21)

The world has before it the example of the 1979 Arab-Israeli War and the oil crisis which followed in its wake. In the worst case, a similar convulsion – or series of convulsions –in southern Africa could contribute to the disruption of the fabric of the world economy as it has been known in recent years. Not only could access to strategic minerals on the African continent be denied – without which modern industry can not operate – but also the entire structure of international mining finance could be called into question should major instability arise in South Africa.

Prudence would dictate realistic and constructive thought

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and action on the southern Africa region by Western and African statesmen. Strategically placed Mozambique cannot be ignored by those conerned with the development of real stability in southern Africa and in the southwestern quadrant of the Indian Ocean.

FOOTNOTES

(1) For background data on FRELIMO see, Ian Greig, The *Communist Challenge to Africa*, Richmond, England: Foreign Affairs Publishing Co., Ltd., 1977, Al J. Venter, *Africa at War*, Old Greenwich, Conn.: Devin-Adair, 1974; Peter Vanneman, "Mozambique: A New Soviet Opportunity," *Strategic Review*, Vol. III, No. 4, Fall 1975; and, Ian Butterfield, "Marxist Mozambique: the Question of U.S. Aid," Washington, D.C.: Heritage Foundation, Backgrounder No. 163, 26 January 1982.

(1a) For background on Nicaragua, see the author's article, "The Soviet Network in Central America," *Midstream*, Vol. XXVII, No. 5, May 1981. For general background consult, Samuel T. Francis, *The Soviet Strategy of Terror*, Washington, D.C.: Heritage Foundation, 1981.

(2) See the author's article, "Marxist-Leninist Theory and the Third World," in the *Journal of Social and Political Studies*, Vol. 4, No. 3, Fall 1979; and his article, "The Communist Takeover of Angola," *Journal of Social, Political and Economic Studies*, Vol. 6, No. 4, Winter 1982.

(3) *To the Point*, 20 October 1978, p. 36.

(4) *Africa Research Bulletin*, 1980, p. 56569

(5) *To the Point*, 11 July 1980, p. 17

(6) Data from *PRAVDA*, 24 November 1980.

(7) *Ibid.*

(8) *Ibid.*

(9) *Ibid*

(10) *Ibid.*

(11) *Ibid.*

(12) *To the Point*, 20 October 1978, p. 35.

(13) *Ibid.*

(14) *Ibid.*

(15) *Ibid.*

(16) *Ibid.*; for background data on Mozambican economy and social conditions see, *To the Point*, 8 December 1978, pp. 50-51; *To the Point*, 15 December 1978, pp. 28-29; *Pretoria News*, 11 May 1979; *To the Point*, 1 June 1979, p. 35; *To the Point*, 22 June 1979, p. 42; *To the Point*, 15 February 1980; *To the Point*, 20 August 1980, p. 16; *To the Point*, 11 July 1980, p. 17; and Butterfield, *op. cit.*

(17) *To the Point*, 11 July 1980, p. 17; See also, Butterfield, *op. cit.*

(18) *Ibid.*

(19) *To the Point*, 27 October 1978, p. 51; *To the Point*, 19 January 1979, p. 36; *Africa Research Bulletin* 1979, p. 5268; *To the Point*, 1 June 1979, p. 35; *Africa Research Bulletin*, 1979, p. 5310; *Africa Research Bulletin*, 1979, p. 5344; *Africa Research Bulletin*, 1979, p. 5382; *Washington Star*, 26 August 1979; *Africa Research Bulletin*, 1979, p. 5445-6; *Africa Research Bulletin*, 1979, pp. 5508-9; *To the Point*, 12 September 1980.

(20) For a critique of Western "development aid" on Africa see, Dr. Bruno Bandulet, *Schnee fur Afrika*, Munich: F.A. Herbig verlagsbuchhandlung, 1978; also, P.T. Bauer, "The Harm that Foreign Aid Does," *Wall Street Journal*, 9 June 1980.

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(21) There are, of course, certain Western practitioners of finance capitalism who hold a sanguine view of investments in states organized on a marxist-leninist basis. David Rockefeller, former Chairman of the Chase Manhatten Bank, has blithely asserted that "African socialism is no threat." (*New York Times*, 10 March 1982.)

From the standpoint of productive capitalism, however, the prudence of investment in marxist-leninist states is certainly open to question. The examples provided by the current Eastern European economic crisis and by the Polish default question are cases in point. From the standpoint of Western national security interests, such investments serve only to shift the international balance of power to Soviet advantage by supporting the Soviet- dominated "World Socialist System."

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RACIAL INTEGRATION IN U.S. SCHOOLS: THE "BUSING" CONTROVERSY

By Walter G. Thompson

Until well after World War II, the United States of America was generally perceived – both by its own citizens and by foreigners – to comprise essentially a white Protestant *nation*, whose members dominated, but coexisted peacefully, with a variety of diverse minority ethnic groups. However, with the advent of strong 'civil rights' movements a number of measures were introduced to modify this situation, with a view to converting the United States into a truly multi-racial *political state*. The immigration laws were revised to favor non-European immigration, replacing legal restrictions which had deliberately sought to keep the United States essentially Northern European in ethnic character. Various measures were introduced to advance non-whites in the economic and political spheres, and a variety of measures were introduced – in the face of considerable resistance by legislators – to enforce the racial integration of American public schools. Since schools had traditionally been segregated primarily by virtue of the tendency of diverse racial and ethnic groups to congregate in separate neighborhoods, effective racial integration of local neighborhood schools could only be achieved by the enforced transportation of black pupils into schools located in predominantly white neighborhoods and of white pupils into schools in predominantly black neighborhoods – regardless of the wishes of both pupils and parents. We have here attempted to document the history of this enormous, state-directed experiment, the future of which now seems to be in serious doubt as a result of the widespread opposition which it appears to have aroused among virtually all ethnic communities.

The Legal Foundations of "Busing"

In 1954 the Supreme Court decision in *Brown v. Board of Education* laid the foundations upon which forced busing was to be initiated(1): "that' in the field of public education the doctrine of 'separate but equal' (established by the court in *Plessy*

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v. Ferguson) has no place; separate facilities are inherently unequal." Since that time the U.S. Executive has supported a policy of forced busing as a part of its 'affirmative action' plan to bring about educational desegregation in public schools to permit 'equal Minority educational opportunity.' Title 42 (2) of the Civil Rights Act of 1964 confirmed that "desegregation means the assignment of students to public schools and within such schools without regard to their race, color, religion or national origin." Despite the fact that the Title specifically declared that "desegregation shall not mean the assignment of students to public schools in order to overcome racial imbalance"; this reservation was generally interpreted as being inapplicable to systems practising *'de jure'* segregation, and the Federal Government and the courts progressively enforced busing until by August 13, 1981, students were allocated to schools in Beaumont, Texas(3), according to the color of ping-pong balls drawn from a cement mixer.

The Educational Impact of Forced Busing

The "Coleman Report" (1959)(4) was the beginning of an era of social science studies concerning the academic merits of forced busing based upon student achievement statistics, the results of which may be grouped into four categories:

(1) Achievement statistics that are critical of busing.
(2) Achievement statistics that 'support' busing.
(3) Interpretations of achievement statistics by social scientists who argue that statistics support busing.
(4) interpretations of achievement statistics by social scientists who argue that statistics do not support busing.

Achievement Statistics that are Critical of Busing

Coleman, Armor, St. John, Bradley & Bradley, Stephan and Scott interpret achievement statistics of bused students critically;

Coleman (1959): Although the U.S. Commission of Civil Rights 'Coleman' Report was widely expected to establish beyond doubt that minority students benefitted from busing, the data contained in the report actually indicated the contrary. Black pupils were found to begin and remain four to six years behind white pupils in both segregated and desegregated schools.

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While attempting to fault Coleman because of his use of cross-sectional data, lack of 'control' for original ability, family background variables, school environment, racial context or community circumstances, Moynihan (1969 Coleman Ed.) concluded that busing had not been successful and that in fact no one knew how to raise academic achievement among minority groups.

Armor (1972)(5): In his "Review of the Evidence" ex-Harvard professor Armor examined tests from Boston (the METCO program in which 15,000 blacks were voluntarily bused to middle class white suburban schools in 1968-70); White Plains, New York; Ann Arbor, Michigan (1965); Riverside, California (1965-70); and Hartford/New Haven, Connecticut (Project Concern). He concluded that "The grades of black students, however, generally fell when they were transferred to predominately white schools" while their achievement test results remained unchanged.

Pettigrew, in his critical review of Armor's work(6) argued that the METCO tests involved methodological flaws: (a) only 52 out of 82 control students could be traced and of these only 21 actually attended segregated schools; (b) the system studied in Armor's survey was voluntary, limited, and used siblings as control students allowing families to choose which students should be bused; (c) that the second of three tests (1969) only recorded 51% of the bused and 28% of the control students in the program; and that Armor did not review six crucial tests that 'clearly supported' busing.

Armor replied to these criticisms in the following manner(7): METCO control students were screened to make sure of their black neighborhood background; two-thirds of the control students did attend segregated schools while those who went to desegregated schools mixed with lower class, inner city white classmates in 'transition' areas with previously low white student bodies at the time of the tests; the tests considered 'crucial' by Pettigrew did not support busing – Evanston (20% black) had a black-white achievement gap that increased, rather than narrowed, over three years from 16 to 25 percentile points – Berkeley's apparent increases in black achievement grade levels (1st to 3rd grade) from 1.6 to 2.8 were overshadowed by white improvement from 1.9 to 4.1(9) – Sacramento results were insignificantly positive(10)

St. John (1975)(11): In her review of 120 studies, the pro-

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ponent of busing at the University of Michigan, Nancy St. John, concluded that there was no evidence that black achievement levels increased as a result of forced busing. Since her more significant studies are also reviewed by other social scientists, discussion of them has been postponed (see *Weinburg* and *Crain & Mehard*). However, we here examine two of her more significant studies not noted elsewhere: in the first, 1,500 blacks in previously integrated schools (5-40%) gained moderate grade increases of 3.4 grades as compared with an increase of 2.8 grades in segregated schools over the three year period; in the second 2,800 voluntarily-bused blacks, in contrast, showed no grade increase (Scott 1981).

Bradley & Bradley (1977): In an examination of 29 studies the Bradleys felt that all these suffered from methodological deficiencies. They concluded either that busing was ineffective or the data was inconsistent or inconclusive. The more significant of the studies reviewed by the Bradleys were also examined by Weinburg and Crain & Mehard. A discussion of these studies may therefore be found included with studies by these social scientists.

Stephan (1978): Stephan examined the same pro-busing tests as had the Bradleys, with the conclusion that 10 out of 34 might be considered positive.

Scott (1981): Scott analysed the findings of all the major social scientists given here with emphasis upon the eight major tests that are generally cited in support of the educational merits of forced busing. This analysis is listed in the section concerning *Weinburg* and *Crain & Mahard*. Scott concluded that no longitudinal tests with proper control students (students from segregated schools with the same IQ and background as the desegregated students tested) have been shown to be of any benefit to black students. No test has ever been reported to suggest that the achievement gap between whites and blacks could be narrowed by more than a sixth.

Achievement Tests that 'Support' Busing

Pettigrew, Jencks, Weinburg, Crain & Mahard, and a U.S. Commission of Civil Rights 1976 Report interpret the majority of achievement tests as evidence that busing benefits blacks academically:

Pettigrew (1973)(13): When criticizing Armor, Pettigrew

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cited six tests in support of busing (Scott 1981). These were:

Stone (1973) identified a marginal increase in maths scores. Yet even these were probably inconclusive since they depend upon comparison with scores taken prior to desegregation in reading, not maths.

Banks: Tests were conducted for one year without 'control' students from comparable segregated schools.

Laird (1966) had himself admitted that his tests were inconclusive: amongst 4-6 graders segregated 6th graders actually gained higher scores than their desegregated counterparts.

Morrison (1971): Only incomplete achievement results were recorded prior to desegregation; desegregated students obtained 'compensatory educational services' making an accurate comparison with segregated schools impossible.

Zdep (1969): Only three black students were bused to each school, too small a number for tests to be conclusive.

Jencks (1972): In his book, *Inequality*, Jencks felt that black achievement could be improved by two or three percentile points at best (a small figure in relation to the 15 percentile point gap between blacks and whites). He later doubed this estimate (Mills Ed. 1973) without producing further evidence to support his revised opinion.

Weinburg (1977) and *Crain & Mahard (1978):* Weinburg and Crain are considered the country's two most ardent supporters of busing. Weinburg considered 19 out of 29 texts examined as 'positive.' Crain & Mahrd argued that 19 out of 41 tests they examined were 'positive,' while 12 were negative and 10 neutral. Scott (1981) compiled the following critical analyses of the eight major tests upon which Weinburg, Crain & Mahard and other social scientists base their support for busing:

Anderson (1966): (interpreted as positive by St. John, Crain, Stephan and neutral by the Bradleys and Weinburg) Blacks that were bused had been pre-selected for high IQ's in an open enrollment system usually attracting more adventurous blacks. Such blacks were therefore unrepresentative.

Evans (1973): (interpreted as positive by Weinburg and Crain) Students' grades measured in each of the three years varied greatly; the results seem inconsistent.

Mahan (1968; 70 Project Concern): (interpreted as positive by St. John, Weinburg, Crain and neutral by the Bradleys) Average achievement gains of desegregated blacks in tests over six years were unrepresentatively high because of the unusually

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high achievement of a single group of black students during the period.

Mayer (1973): (interpreted as positive by the Bradleys, Stephan, Crain and neutral by St. John) The student population dropped from 667 to 343 in three years; St. John attributes sole maths gains to an improvement in instructional methods carried out at the time; Mayer described the results as "not all all encouraging."

Maynor (1970): (interpreted as positive by St. John, Stephan, Crain and neutral by the Bradleys) The Bradleys criticize the results as incorporating inadequate pretests and regarded the eight month span as being too brief.

Pritchard (1969): (interpreted as positive by Weinburg and Crain and neutral by St. John, Stephan and the Bradleys) The limited gain in maths has been attributed to a contemporary revision of the state curriculum.

Samuels (1958): (interpreted as positive by Weinburg, Crain, St. John and neutral by Stephan) This test has been questioned because of the inadequately low number of students tested and an unconvincingly large increase in maths achievement reported at 1.8 grades in one year.

Stattings (1959): (interpreted as positive by Weinburg, St. John, Stephen and neutral by Crain and the Bradleys) This one year study of a voluntary enrollment system was funded by the Southern Regional Council (adamant supporters of busing). Criticized for comparison of whites and blacks rather than segregated and desegregated students and the fact that students remaining with black teachers made the greatest gains (St. John), it seems inconclusive.

U.S. CCR (1976): The report, *Fulfilling the Letter and Spirit of the Law*. examined 1,292 schools (15% blacks) concluding that the "quality of schools" improved after desegregation.

The Interpretation of Achievement Statistics by Social Scientists Who Argue that these Statistics Support Busing

Social scientists agree that a national gap exists between black and white achievement, measured as one standard deviation, 15 percentile points or a difference of several achievement grades from kindergarten. 84 out of 100 whites perform better than blacks in kindred skills (Coleman (1959; Jencks (1972)). Controversy among social scientists centers upon whether this

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achievement gap could be narrowed by even a sixth by means of busing.

Prior to the *Coleman Report*, influential social scientists considered that busing must benefit blacks by placing them in schools with better facilities. (Conant, President of Harvard University, 1961)(15) However the *Coleman Report* stated authoritatively that the average black school was the same age as its white counterpart (p. 67-70 elementary school 28/29; secondary 31/34), that the same amounts were spent on black and white schools, that the classes were of the same size and that black and white teachers gained similar training. Regarding the quality of school facilities, regional school differences were found to be greater than majority-minority differences (p. 122). Despite renewed reference to the 'inequality of facilities' theory by Clark, Kirp, and Cohen in a book later edited by Coleman (1969), the data revealed in the *Coleman Report* remained unchallenged. Instead, busing proponents began to argue that busing placed children in a better socio-economic atmosphere (St. John (1970)(16); Weinburg (1977); Crain & Mehard (1978) and Orgield (1979)). This philosophy had its roots in Allport's theory (1954) that mixing black and white pupils would lead to a 'rub-off' of culture from whites to blacks as long as socio-economic levels were equal. These social scientists suggest that lower class blacks could benefit from busing when integrated into middle class white classes in ratios of between 20-40 blacks to 80-60 whites. They cited the marginal gains in the tests examined above as evidence. Crain & Mahard also cite the number of blacks who enroll and remain at northern colleges as supporting the view that blacks benefit from education in a predominately white environment. 20% of traditionally integrated blacks in northern colleges as compared with 11% of their northern segregated counterparts survive college. Critics, however, argue (Coleman, Armor, Scott) that these figures do not suggest that a white educational environment improves black college survival rates. They argue that the majority of northern desegregated black college students come from integrated, middle class, higher achieving black families anyway, and they note that segregated blacks in the south actually survive college better (16%) than their forcibly desegregated counterparts (19%).

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The Interpretation of Achievement Statistics by Social Scientists Who Argue that Statistics do not Support Forced Busing

While social scientists who support busing quote the 'socio-economic' disadvantage theory, other social scientists find serious problems with such a theory. Jencks, although softening his view that the black-white achievement gap could only be narrowed by 13%, after ten black scholars labelled him as a racist (1974)(17), stated in court that (Rakus(18)): "There is no evidence that social reform can substantially reduce the extent of cognitive inequality, as measured by tests of verbal fluency, reading comprehension, or mathematical skill. Neither school resources nor desegregation has an appreciable effect on either test scores or educational attainment." In 1978 Coleman reinforced his previous findings, saying that "The assumption that integration could improve achievement of lower class black children has now been shown to be fiction."(19)

Rejecting the argument that children can be influenced to any great extent by the background of the children with whom they mix at school, Hanershek & Kain(20), Armor(21), Smith(22), Scott (1981), Sears & Melonahay(23) and Hose & Luce (1979) all argue that the critical stage is prior to the age of six (i.e. at home) and that the process is essentially completed by the age of 10, Jensen(24), Bloom (1964) and Jencks (1972) argue that heredity and home environment make up for at least 85% of the variation in influences upon a child. They say inherited achievement accounts for (Jensen) 80% IQ or 40% school achievement; (Bloom) 66% IQ; (Jencks) 45% ± 15%; and early home environmental influences (Jensen) 12% IQ or 54% school achievement; (Bloom) 33% IQ; (Jencks) 35%. The possible effect upon a child of a variation in school environment, mainly through different instructional methods, is given by them as 6-15%. As Cohen states(25), black and white children both assume that whites will carry out a task better in cases where there is no difference in socio-economic background or previous experience at the task.

Conclusion

Social scientists in general do not contest the view that black attainment can improve at best by one-sixth of the black-white achievement gap. Those critical of busing find that only middle class, higher achieving blacks obtain higher school results and

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that forced busing has no positive effect upon black achievement.

The Psychological Impact of Forced Busing

The psychological impact of forced busing must be at least as important if nor more important than its educational impact in an analysis of the overall merits of busing. When the academic merits of forced busing are dubious it would be very hard to justify a policy of enforced busing if the psychological impact on children, as a result of removal from a stable environment and accompanying increase in classrom competitiveness were to result in an adverse impact. An analysis of the psychological impact of forced busing must include:

(1) The effect upon black self-concepts.
(2) The effect upon behavior and discipline in the classroom essential to the instruction of all students.

The Effect of Busing Upon the Self-Concept of Desegregated Blacks

"We might be desegregated but I don't think you could say we're integrated." Evanston High School (*The Wall Street Journal*(26)) may well illuminate fundamental problems for busing. In reporting that "blacks cry discrimination if whites have higher grades" reported Elsner is seen by most social scientists as highlighting the effect upon blacks when they are suddenly faced with new and severe competition from white students whose achievement average is fifteen percentiles above their own (Gerard & Millar (1975)). Coleman (1959), St. John (1975)(27), Knowles & Prewitt (1969)(28), Ausebel (1963)(29), Sixeman (1978), Hughes & Wilson (1978)(30), Hunt & Hunt (1977)(31), Nelson (1978)(32), Evans (1971)(33), Caseli & Ayling (1973), McDoo (1977)(34), Epps(35), Coles (1963) of the Anti-Defamation League of B'nai B'rith and Hunt, Director U.S. Early Childhood Lab.(36) all argue that the effect of such a traumatic situation upon blacks is frustration, low confidence, low achievement, low aspirations, and an increase in 'racial consciousness.' Bullock (1978) argues that segregated white students are least 'race conscious' (+ 8.0 on his scale where 0 represents neutral race consciousness) followed by desegregated blacks (-6.4), segregated blacks (-18.3) and desegregated whites (-25.3). Even such busing proponents as Weinburg remark upon

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the increase in degree of 'black consciousness'(37).

The most detailed study of black self-concept and the criticism that it evoked can be examined in the Armor-Pettigrew controversy.

Armor-Pettigrew Controversy: In his analysis of the Boston METCO program, Project Concern in Hartford and New Haven, Connecticut, and tests in White Plains, New York, Ann Arbor, Michigan, and Riverside, California, Armor examined both the educational (as noted above) and psychological impact of voluntary busing upon blacks. (He notes that the traumatic effect of busing upon the more 'adventurous' voluntarily bused students in these tests ought to register less adverse impact than the psychological impact of busing upon forced students.) He also noted:

-Black self-concept dropped because of greater competition.

-Bused students entered their new school with higher educational and occupational aspirations (74% expected to go to college at the start as compared with a figure of 54% gained by Coleman for northern desegregated blacks) but these dropped to 60% by the end of the period.

-After two years black support for non-white schools increased by 15% (76% of control students preferred desegregated schools; 58% of bused blacks preferred desegregated schools.) while 75% of the black students stated they would prefer their own school culture if it was "as good a school."

-While control student 'racial consciousness' increased from 47 to 66% that of the bused students increased from 51 to 81 points; black 'separatism' on a scale of 0-4 increased; among control students from 1.4 to 1.5; among bused students from 1.4 to 1.8.

-By the end of the period the number of blacks having a single white friend or more decreased from 74% to 63%, blacks spent more time on their own (40% to 59%) and dated less whites (21% to 10%).

Reviewing Armor's results, Pettigrew made four points specifically concerning the 'self-concept' tests: (see above for Pettigrew's criticism and Armor's reply concerning test preparation and representation as a whole.)

-Control students were tested at home in a less ideological environment than that at school. Armor replied by

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stating that control student scores could themselves be broken down to differentiate between the scores of control students with a more integrated background and a more segregated background. The more integrated control students showed a markedly higher 'separatism' score than the more segregated control students.

-Acquiescing with Armor's 'aspiration' scores, Pettigrew argued that Pittsburgh and Evanston tests implied that lower black aspiration was indicative of higher achievement. (Katz, Levin Ed. 1967)

-Without disputing Armor's 'militarism' scores, Pettigrew claimed this as a 'busing achievement.'

The Effect of Busing upon School Discipline and Behavior

Social scientists agree that definite problems exist in the field of student and student-teacher relations in desegregated schools. As Crain noted, "blacks strike back through acts of rebellion" because "they do not feel they belong."(38) Social scientists differ only in their explanations of these problems and the methods by which they believe these problems may be solved. While a discussion of these differences follow in the third section of this paper, we here examine the extent of the problem.

The National Institute of Education (1978)(39) has stated that a child's most serious daily risk of personal injury is taken as he steps into a school bus. Dr. Barbara Sixeman, former superintendent of Washington, D.C. schools (1978) believes discipline to be the problem which busing most exacerbates. Indeed, the Washington D.C. official report, three years after initiation of desegregation stated that "prior to integration we did not have anything like the foul and obscene language we have had since (p. 28)...we have degrading conduct (p. 30)... disciplinary problems have quadrupled since integration...one of the dangerous and deplorable developments in the District of Columbia schools is the sex attitude of the Negro (there was a 42% increase in 15 year old illegitimate pregnancies; 97.8% of 1955, 834 school children gonorrhea cases were among blacks – Department of Health)...Negro attitude of belligerence, sulleness, impertinence and aggression (p. 29)." Languerton(40) lists some of the nationwide cases of violence closing schools in Detroit, Pittsburgh, New Brunswick, New Jersey, Boston, Kansas City, Pensacola, Cairo, Urbana and Koko-

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ma, quoting Detroit school Superintendent Drachler's remark, "We have today a polarization along racial lines that is threatening our entire city."(41)

Weinburg(42) is supported by Milwaukee public school 'suspension rates'(43) when noting high black school suspension and dropout rates. In the years 1976 to 1977 during which black enrollment increased from 29% to 48% in the Milwaukee public school system, statistics show that, while all white or black schools have low suspension rates, the overall suspension rate of schools altered up to down according (by a correlation of .65) according to the shift in the size of black enrollment. In the years 1976-77 and 1977-78, 22.4 whites were given suspensions per 100 whites, while 76.6 blacks were given suspensions per 100 blacks. Where 0 represents a black-white suspension proportionate to school enrollment black in Milwaukees schools ranged from +40 to -4.8.

Furthermore, as Shaw argued(44) it appears that association with members of the other race, at least in school study, tends to less acceptance of members of the other race."

The View of Social Scientists Who Believe Forced Busing Can Work

Social scientists differ in the ways through which they feel the present faults of forced busing may be alleviated and the ways in which minorities may best receive 'equal educational opportunity' Any solution must take into account three different points ov view:

(1) The view of social scientists who believe forced busing can still be made to work.
(2) The view of the black community.
(3) The view of social scientists critical of busing who ask whether busing tackles the main educational problems of the black community.

Social scientists who continue to support busing agree that the feelings of bused blacks that they "do not belong" in desegregated classes causes them to experience an increase in 'racial consciousness' and fosters rebellious attitudes. (Crain, Jenkins, Weinburg (38+39)). However they blame problems upon the formation of ability groups in desegregated classes and the 'prejudiced' attitudes of teachers.

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Ability groups: Knowles & Prewitt (1969:38) note that only 5-10% of St. Louis black students are classified as being 'gifted,' 75% are classified as 'slow learners' or 'retarded,' and 50% of black high school students are considered 'terminal,' i.e. completing their education when they leave high school (this last figure does not include high school drop outs). Kirp(45) substantiates that 75% of black students are found in bottom categories in San Francisco desegregated classes. In the years following desegregation Judge Wright of the D.C. Circuit court (1968) argued that ability groups were psychologically harmful to black students(46) and these groups were ruled unconstitutional in *Hobson v. Hansen (1967)* after the U.S. CCR *Racial Isolation* report and an unpublished paper, *Brookvue et al. (1967)*, argued that classrooms must be desegregated.

Today the abolition of ability groups is only supported by a minority of social scientists (Weinburg (1977). The majority argue that ability groups are the necessary product of an environment where ability ranges across at least 30 achievement percentile points. Without them, the more able students would not achieve their potential, while the less able fail to obtain the special attention they need and would simply be 'dragged along' with the rest of the class. These social scientists argue that ability groups in desegregated classes are essential for education as a whole and they believe that the abolition of ability groups would be detrimental to national education standards. Some even note that between 1964 and 1979 the national average pupil achievement scores have dropped 74 points from 973 to 894(47) though this cannot be shown to be due solely to desegregation.

In his book, *Minority Students*, Weinburg (1977) lists surveys of the view of black and white teachers concerning black students. Social scientists od not query these results but offer different interpretations to explain them:

Charlotte Observer Opinion Survey of 897 black and white teachers (July 8, 1974 five years after desegregation):

	POSITIVE RESPONSE	
	Black%	White%
Is Integration worthwhile?	94	56
Is discipline a serious problem?	29	64
Is the quality of education in your school good?	87	70

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	POSITIVE RESPONSE (Continued)	
	Black%	White%
Are students learning more since desegregation?	36	27
Are students learning less since desegregation?	10	74
Are you optimistic about the future of your school?	87	47

Weinburg interprets these figures to suggest that white teachers are prejudicial against black students and need 'reeducation.' Other social scientists suggest that, as a result of previous experience in higher achieving, white schools, white teachers are less accustomed to disciplinary problems, place greater stress upon higher results and are more disappointed when they see classes affected by black students who find competition too difficult and consequently "affect other students with an atmosphere that it is not hip to study."(48)

Black Student Behavior as Seen by Black and White Teachers(49)

Gottlieb (inner city 1964)	Teachers White	Black		Teachers White	Black
Ambition	20	36	Impetuous	33	13
Cooperation	35	61	Lazy	53	19
Energy	33	48	Middle Brow	34	19
Fund-Loving	45	74	Moody	33	13
Happy	31	65	Rebellious	35	13
Highstrung	39	13			

Black Student problems in order of seriousness: Raypal (100 New York teachers 1972)

Teachers	White	Black		White	Black
Truancy	1st	5th	Stealing	6	1
Profanity	2	35.5	Inattentiveness	7.5	20
Resentfulness	3	12	Tardiness	7.5	38
Lack of Interest	5	14	Suspicion	9.5	16

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While Raypal and Gottlieb argue that these results reflect teacher bias, other interpretation has been imposed. It has been suggested that while white teachers note black cooperation, energy, happiness and fun-loving character, they place greater emphasis upon achievement than black teachers. These figures therefore note black laziness and a high-strung and rebellious character. Solutions such as reducing teacher expectations (Biener & Gerard)(50) or the modification of curriculum to permit "flexible standards that prevent minority students from experiencing academic failure" (Maruyama & Miller (1975) are seen as dangerous to the overall standard of education and not the best means to implement 'equal educational opportunity.'

The View of the Black Community

"Both (whites and blacks) must embrace a higher principle of truth. It is not necessarily good or bad because it is black or white. It is good or bad because it works or it does not work." (Tony Brown, *Black Journal* & *Congressional Record* 1977(51))

In the *New York Times Magazine* (1972)(52) Hamilton argued that the NAACP, the largest black civil rights organization with 350,000 members, is only representative of a minority of middle class blacks who believe fervently in integration while black opposition to forced desegregation comes from three quarters:

(1) Black criticism of the theory "separate schools are inherently inferior."
(2) Black criticism that they are the vicitims of busing.
(3) Black criticism of an issue closely related to that of busing, abolition of all black colleges of higher education.

Black Criticism of the Theory "Separate Schools are Inherently Inferior"

Thomas Sowell, a black professor previously at Stanford Center for Advanced Study in the Behavioral Sciences (1976-77), argues in two books, *Black Education: Myths & Tragedies* and *Knowledge & Decisions*, that the historic *Brown* decision that separate schools are inherently inferior "was neither supported by fact nor would it stand up under scrutiny." Within walking distance of the Supreme Court he notes that Dunbar High School is an 80 year example of an all black school that

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has had higher tests than Washington schools with an average IQ 11 points higher than the national average(53) Thurgood Marshall, NAACP attorney to the *Brown* case, had himself, Sowell notes, been to such a school in Baltimore (Hucker (1975). The existence of Catholic, Jewish and Greek schools, he says, testify that segregated schools are not inherently inferior.(54)

Sowell argues (*Knowledge & Decisions*:264FF) that forced desegregation is effectively a well-to-do, white, liberal tax upon lower class whites, who bear the sole burden of desegregation, to give blacks unjust benefits in the name of a false 'past guilt' (quoting Ladd & Lipset:39). He continues: restoring us to our original position would place us on the level of those in our countries of origin; any repayment of our economic contribution to the welfare of the country could turn out to be negative, many of those who would be forced to pay are not the descendants of those who 'exploited' blacks in the past; many ask why they should pay for acts committed by their ancestors (quoting Burnham 1975:104); any benefits to blacks would not be shared by all blacks; 70% of black Americans have Caucasian ancestors (Burnham (1975:143). "The rights to be free of government imposed disabilities in seeking a job or an education are rights of great value, not only to racial and ethnic minorities – as shown by the civil rights movement of the 1960s – but also to the population at large, as shown in their outraged (but largely futile) reaction to "affirmative action" and "busing" in the 1970s...Freedom is precisely the right to behave contrary to the values or beliefs of others...a university's loss of freedom in selecting faculty or students is their children's loss of freedom in seeking admission or in seeking the best minds to be taught by." (*Knowledge & Decisions*:32)

Black Criticism that They are the Victims of Forced Busing

It has been argued that busing discriminates against blacks, fails to achieve even 'racial balance' and removes the ingredients essential for the black student to achieve his educational potential.

Busing discriminates: Cunningham (1981(55) cites statistics that support Fantini's assertion that the vast majority of bused students are black. Examining busing statistics in Jefferson County, Kentucky (1979), Cunningham found that black students made up 80% of those bused to fulfill the requirement

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that 12-40% of each of the county's public schools be black. In *Newbury Area Council et al. v. Board of Education Jefferson County (1975)*, it has been estimated that 84% of bused white children were to be transported for two years while 66% of bused black children were to be bused for eight years.

Busing has failed to achieve 'racial balance': It has been shown conclusively that despite a minimum direct federal grant of $126 million – a figure of little relevance when Los Angeles quotes the cost of busing in their area as $40 million alone – busing has been ineffective in achieving 'racial balance.' Clotfetter (1976) argues that once black enrollment in a previously white school reaches 25% there is a definite correlation between further increases and a decrease in white enrollment. Opposing Farley (1975), Coleman (1975), Fitzgerald & Morgan (1977), and Stenchcombe (1969), Clotfetter concluded that this trend was exponential rather than linear (possibly since lower class whites are much less mobile than their middle class counterparts). Nevertheless, by 1971 Detroit's black school population had increased from 60% to 82%, Richmond 44% to 82%, Boston 40% to 60%, Washington, D.C. 43% to 97% and Atlanta 41% to 90% to name a few examples. Giles (1974(56)), Scott (1979(57)) and Curts (1977(58)) all argue that 'white flight' depresses achievement in schools with the effect that it hurts blacks.

A black cultural environment is essential to blacks: A study funded by the Emergency School Aid Act (1975-76) states that a definite correlation could be found between minority achievement and a black cultural environment. Blacks, argues Louis Scotlandville (1971)(59), are in even greater need of culturally enriching experiences for emotional stability during a transition of schools.

Desegregation reduces black culture: Pontiac (Mich (1968) and Roth (1968)(60)) argue that black studies in non-segregated schools definitely increase black student confidence. Yet, as Knowles & Prewitt (1969) note, a transition from a black neighborhood school to a desegregated white school is clearly accompanied by a drop in black orientated subject matter in curricula and a decrease in student understanding of their heritage. Ramirez & Price-Williams(61) argue that since black students gain better results through 'group' achievement, an Anglo-American environment that thrives upon individual achievement might hinder blacks from reaching their full potentials, citing

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Decras (1975(62)). Stewart (1977(63)) adds that forced busing further alienates black culture by effectively putting out of work black teachers and administrators who act as much needed 'models' and cope well with black children. In 467 school districts in 1970, 34 dismissed and 194 demoted black principals, 127 dismissed and 103 demoted black teachers, and 462 blacks were dismissed in 127 districts in competition with whites as a result of desegregation.

Community Controlled Colleges: In place of forced busing as a solution to black educational problems, Gullentay(64) and Haskins praise such schools as Harlem's Community Controlled Schools and Morgan School, Washington, D.C., which offer: an expressive climate, parent envolvement, better community rapport, more productive pupil-teacher classroom interaction and greater advances in achievement rates in three years. The Congress on Racial Equality joins in claiming that blacks prefer community controlled schools, pressing for parent's control selection of staff, curriculum and budget to desegregation as the solution to black educational problems.

Black Colleges of Higher Education are Considered Vital to the Black Community

Black Harvard Professor Derrick Bell(65) discusses the views of black administrators concerning the importance of black colleges of Higher Education and notes nationwide criticism of federal policy when "plans to improve the quality of black schools are viewed as secondary to the racial balance goal." (*Milliken v. Bradley 1977*(66))

The Director of Research, Policy and Plans for the NAACP National Office, Meyer, stated that the NAACP opposes black colleges since it "opposes segregated schools no matter what else is taught or how well it is taught" (1978(67)). Bell argues that black colleges carry out a vital role and are today thriving. In 1973 80% of southern black graduates and 40% of all American black graduates went to black colleges (HEW Commission on Black Higher Education 1978:13). Enrollment rose in 1978 in the nation's 105 black colleges for the eleventh year running by 0.8% to 213,720. Apart from offering blacks an atmosphere in which they may reach a greater traditional self-awareness and look up to black administrators, rather than the token black teacher in a white system, the Institute for the Study of Educa-

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tional Policy (Equal Educational Opportunity for blacks in higher education 1976:54) emphasize that black colleges fulfill an invaluable role educating blacks who might not otherwise gain the opportunity to gain the benefits of higher education(68) In 1950 the court in *Sweatt v. Painter* ruled that the University of Texas must admit blacks, overturning the suggestion that a black school carry out the role. The court believed that the University of Texas "possessed to a far greater degree those qualities which are incapable of objective measurement but which make for greatness in a law school."(69) Yet since 1950 the University of Texas has graduated 55 blacks as compared with 800 blacks and whites from the predominantly black (at present 60%) Thurgood Marshall School of Law at Texas Southern "many of whom might not have met University of Texas admissions criteria." (Dean Otis King TMLS 1979(70)) Similarly, HEW called for an end to 'low demand' programs at Florida's A&M (black) University, which was turning out 6,000 black teachers for segregated schools in 1953, transfering students to Florida State University and the University of Florida.(71) In 1978 FAM's School of Business and Industry received 252 freshmen from 33 states, all under the National Achievement School Program as well as $210,000 from corporations as scholarships.(72) However the effect of federal policy has been to transfer away faculties, such as 50% of the agricultural program, and replace these with new predominantly white faculties like the new 90% white Architecture faculty. FAMU is slowly losing its black identity.

Black colleges of higher education slowly dwindle as a result of actions by "the worst enemy of traditional black colleges and universities...so-called 'liberals'...masquerading as friends...in HEW and the US Office of Education" as Dr. Samuel DuBois Cook, President of Dillard University New Orleans, argued (1978(73)). Black administrators occasionally gain a breathing space in their battles to protect their colleges. The National Association of Equal Opportunity in Higher Education (NAFC0); made up of black college presidents) gained the support of the court in *Adams v. Califano 1969*(74) that achievement of equality of educational attainment was the special purpose of black colleges. In 1978 fifteen black college presidents successfully intervened with President Carter against an HEW proposed review of the private college Title III Aid to Developing Institutions Act(75). However, they realize that they are losing out.

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Black administrators believe that supporters of enforced black transfer from black colleges and their eventual abolition abolition "have a conception of...desegregation...which requires a white majority and requires blacks to be in the minority."(Dr. A. Billingsley, President of Morgan State University (1978(76)) They argue that the majority of blacks need compassionate and sympathetic institutions, that the case must be "beyond the superficiality of liberal 'racism' and seek to correct the historical educational injustices of segregation while avoiding the contemporary educational injustice of integration" (Black Massachusetts Council in Higher Education, *Ayers v. Waller May 10, 1975*), and that the black community needs colleges with adaequate budgets which have prime responsibility for black social welfare, community planning and community health.(77) In the words of Governor Lee of Maryland, "If you eliminate Morgan College's racial identifiability, you eliminate one of the black communities proudest symbols." (1976(78))

Blacks Critical of Busing Who Argue that It Does Not Tackle the Main Problems of Black Educational Opprotunity

Many social scientists who are critical of busing argue that enforced busing can have little effect upon the educational achievement of black students since students benefit little from alterations in their school environment. Moynihan (Kuber Ed. p. 157) and Languerton(79) argue that any remedy must affect the black community itself. They note that in the years 1961 to 1971 blacks in the top 13% only obtained an increase in earnings from $10,000 to $15,000, the number of blacks on welfare doubled (1970(80)), one ten black children were illegitimate in 1971(81); black one-parent families doubled to 30%(82); blacks represented 11% of the population yet 56% of the murders, 45% of the rapes, 63% of the robberies in 1974, a crime rate ten times that of the white population.(83) The most effective way to improve black achievement and educational opportunity, they say, is, on the one hand, to tackle the problems of the black community as a whole, and on the other hand, to encourage parental responsibility and pride by supporting their desire to take an active interest in the upbringing of their children.

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Conclusion

Social scientists agree that busing has not lived up to the expectations of those who advocated it two decades ago. While few people find real tangible gains in black student achievement even the most adamant supporters of forced busing recognize the generally deleterious psychological impact upon bused children removed from sympathetic neighborhood environments and placed in a new environment where they are confronted by a number of classroom problems. It is also argued that any attempt to reduce the psychological impact of busing by modifications of instructional methods merely results in a reduction in educational standards. As a result, an increasing number of social scientists argue that the educational problems of the black community cannot be solved by self-defeating, narrow measures such as busing, but instead involve an overall and balanced comprehension of the problems affecting that community as a whole. Finally, it may be asserted that black awareness of this fact is already strong.

FOOTNOTES

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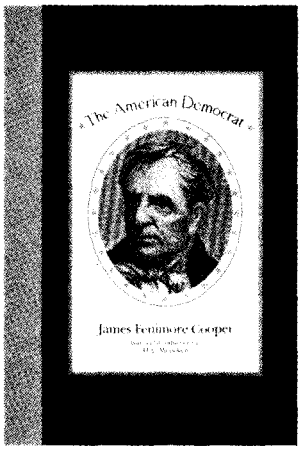

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MECHANICS AND IMPLICATIONS OF THE REESTABLISHMENT OF A GOLD STANDARD

By Norman A. Bailey

At least for the past decade the collapse of the international monetary structure of the western world as well as the process of chronic domestic inflation suffered by almost all non-communist states has preoccupied the attention of government and international officials, politicians, businessmen and economists.

Certainly, the concern is fully justified. Traditionally money has been expected to fulfill three functions: as a medium of exchange, as a standard of value and as a store of present and future value. To the extent that money fulfills these functions more or less well, commerce and capital markets will function more or less well internationally and domestically.

The Functions of Money

The three monetary functions need not be performed by the same thing, however, although efficiency is enhanced if they are. Anything can serve as a medium of exchange, as long as it is either valued for itself and is convenient to use or is declared legal tender by the government and therefore must be accepted in settlement of debts. If it is valued for itself the holder will not concern himself with velocity, using it when and as needed. If it is not valued for itself (fiat currency) it will be used as rapidly as possible in exchange for something of intrinsic value, thereby at least initially stimulating trade and attendant investment in inventory and productive facilities. It is therefore not strange that historically the beginning of the business cycle coincided closely with the invention of fractional reserve banking. However, even the most despised fiat currency can continue to be used as a medium of exchange, even if it takes a trillion pieces of paper to buy a loaf of bread.

As a standard of value and a store of value, however, money must above all be stable. A fluctuating monetary standard is about as useful as a fluctuating kilogram or a fluctuating thermometer. Not anything can serve well as a standard of value. A good standard of value should itself be easy to

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standardize, easy to divide, convenient to transport, difficult to destroy or deteriorate, etc. Equally by definition, a store of value must be relatively stable. Anything valued for itself by human beings can serve as a store of value, although certain things are more convenient to use for this purpose than others.

Given the above, it is not surprising that as all world currencies between 1968 and 1973 became inconvertible fiat currencies, began to lose value domestically (inflation) and began to fluctuate against each other internationally, the peoples of the world, while continuing to use them as media of exchange, began to spend them as rapidly as possible for commodities, real estate, works of art, gold and silver and other objects valued for themselves. The resulting increase in velocity of money added to the inflationary pressures which peaked in 1974, and worsened the subsequent world-wide recession, as declines in commodity and money market instrument prices wiped out huge quantities of paper values.

Historical Background

Traditionally, gold and silver have been most commonly used as stores and standards of value, and usually also as media of exchange. Today, while they continue to fulfill the store of value function, they have completely lost their roles as media of exchange and standards of value, at least officially. For the first time since 1821, not a single country since 1971 has been on the gold (or silver or bimetallic) standard domestically, nor is gold any longer the international settlement commodity (although still retained immobilized in the monetary reserves of states).

Throughout almost all of history, commodities of one kind or another have served as money. As international trade relationships grew in size and importance one of the local currencies became widely used for international settlements. Generally, this was the currency of either a dominant empire or of a powerful trading state, or both. In the early years of the Roman Empire the silver *denarius* was such a currency. Starting with the reign of Nero the *denarius* began to be debased, until by the time of Constantine the Great it was practically worthless. Constantine reformed the financial structure of the Eastern Roman (later Byzantine) Empire, based on a gold coin named the *noumisma*, later commonly called the *bezant*. For almost

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800 years the *bezant* held its value, and was so widely used in international commerce that hoards of them are still found in such far-flung places as Iceland and eastern Africa.

Following the downfall of the Byzantines, the Venetian gold ducat was widely used as a settlement currency. With the collapse of the Venetian trading monopolies following the discovery of America, various Spanish and Portuguese silver and gold coins were widely used.

In 1964 the Bank of England was established, and this, along with increasing English trade and naval dominance, led England to adopt a full gold standard in 1719. As a result of these and other factors the pound sterling became the preferred international trading currency until the first world war. England went off gold in 1797, but with the conclusion of the Napoleonic wars the gold standard act was passed in 1819, leading to the restoration of the gold standard in 1821.

By the outbreak of World War I more than forty countries had adopted the gold standard, including all the most important trading states. As a result of the war all countries except the United States went off the gold standard and the dollar for all practical purposes replaced the pound sterling as the international trade and investment medium, although the pound lingered on as a supplementary international currency for some time.

Following the war, various countries, notably Great Britain, tried to return to the gold standard at prewar parities, ignoring the results of years of wartime paper inflation. As a result of such inappropriate decisions there was a shortage of gold for international settlements, now denominated in inflated paper. Consequently, at the Monetary Conference held in Genoa in 1922, it was decided that countries might include certain national currencies (namely the U.S. dollar and the pound sterling) in their reserves and use them to settle both long and short-term payments deficits without any requirement that they be converted into gold at any point or blocked at the central bank of origin.

This scheme was called the gold/exchange standard, which lasted until it collapsed in the 1930's. It was adopted to effect ". . . . savings in the use of gold . . . ." as stated in Resolution 9 of the 1922 Genoa Conference, a necessity only because of the undervaluation of gold at the time. The gold/exchange standard, in the words of one commentator, ". . . . reduced the inter-

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national monetary system to a mere child's game in which one party had agreed to return the loser's stake after each game of marbles." (13, 22) At the time, John Maynard Keynes, who later called the gold standard a "barbarous relic," wrote that: "If the gold standard could be reintroduced in all of Europe . . . the reform would promote trade and production like nothing else, but also stimulate international credit and transfers of capital to the places where they are most useful. One of the greatest elements of uncertainty would be suppressed." (*Commercial Manchester Guardian*, April 20, 1922)

As a result of the adoption of the gold/exchange standard, an unliquidated sterling overhang developed in the market to the value of about $2 billion. When creditor nations began to demand gold, Britain devalued in 1931. In 1934 the United States followed suit (for other reasons), devaluing the dollar from $20.67/oz. of gold to $35.00/oz. Thus between 1931 and 1940 and *ad hoc* international gold standard was restored, but both reserve currency countries went off the domestic gold standard, forbidding their citizens to own monetary gold and making their currencies domestically inconvertible.

Bretton Woods

During World War II all countries engaged again in fiat currency inflation. In 1944 a monetary conference was held in Bretton Woods establishing the International Monetary Fund and in effect reestablishing the gold/exchange standard. This time the overhang that formed consisted largely of dollars, reaching gigantic proportions. (As of mid-1979 some $850 billion.) In theory the gold/exchange standard can be viable if the reserve currency country does not inflate, run budget or balance of payments deficits, or at least compensates for them when they occur through subsequent domestic deflation. This, of course, did not happen. Constant budget deficits in the United States led to constant balance of payments deficits, in turn leading to a flood of dollars abroad, only a small portion of which were returned to the U.S. to be exchanged for gold. Dollars which accumulated in foreign central banks were used as backing for issues of local currency. Thus the U.S. was able to export inflation while moderating its effects at home. This "system" was able to weather crises in 1961, 1963 and 1967, but finally in 1968 the U.S. was forced to make the dollar

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inconvertible into gold to all but foreign central banks. At that time the Governor of the Bank of England suggested that the United States double the official gold price, but this was not done. The run on U.S. gold stocks threatened to resume however, the gold/exchange standard collapsed in 1971 for the second time in forty years, with the dollar made completly inconvertible. The two subsequent devaluations of the dollar, from $35 to $38/oz. of gold in 1971 and from $38 to 42.22/oz. in 1973 were meaningless under the circumstances, and no gold has changed hands at these prices. "A polite description of U.S. international monetary policy in the last decade is that it has been a costly disaster." (2, 1)

Thus, subsequent to 1971 there has been no international monetary system, central bank gold reserves have been immobilized, and all countries have fiat paper money currencies which since 1973 have fluctuated against each other in international markets. One result of this is that U.S. inflationary policies came home to roost in 1973/74, resulting in the world wide inflationary recession of 1974/75.

Special Drawing Rights

For lack of anything else, the inconvertible and floating U.S. dollar is still the most widely used settlement and investment medium, although the German mark, the Swiss franc and other Europeans currencies have been used regionally from time to time. Realistically, only the dollar, gold, and/or the International Monetary Fund's Special Drawing Rights (SDR) have any likelihood of being adopted as the basis of a new international monetary system, either separately or in some combination. A system based on the dollar alone would multiply the disadvantages and disequilibria of the gold/exchange standard and would soon collapse unless the United States began to demonstrate much greater domestic fiscal responsibility than heretofore. A dollar/gold standard would simply be a repeat of the gold/exchange standard with the pound sterling left out. There is no reason to believe that it would be any more successful than in the past.

The Special Drawing Right is essentially a bookkeeping mechanism artificially created by the IMF in 1968 when it was quite incorrectly believed that an international "liquidity" shortage loomed. Originally measured by, although not con-

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vertible into, a fixed weight of gold, since mid-1974 its value has been based upon a weighted mix of sixteen widely used trading currencies, all floating against each other. The dollar component of the SDR is fully 33% and therefore to some extent the SDR and the dollar move togehter, especially since at any given point some of the other component currencies are likely to be weaker than the dollar and some stronger, thus cancelling each other out. The weighting used is based on the importance of each issuing country in international trade. Allocation of the SDR is a purely administrative decision and subject to political pressures. As an international standard the SDR can serve to reduce to a limited extent otherwise violent fluctuations of any single currency, although if all or most of the currencies in the mix continue to depreciate the SDR as a whole will, of course, lose value versus goods. As a domestic standard, use of the SDR is meaningless, since no private parties can convert their local currencies into SDRs.

One opponent has called the SDR ". . . . an insult fo common sense." (5, 17) This may be overly strong, but it is certainly true that as a monetary standard the SDR is very weak. In consequence, suggestions have been made (by Mundell, de Vries, Hirsch, Kafka and other monetary specialists) that the IMF be turned into a true world central bank, issuing a world reserve currency with a physical existence (unlike the SDR, which is strictly a bookkeeping entry.) However, the likelihood of states giving up their financial (and therefore to a large extent economic, political and military) sovereignty to the IMF may at present be described as nil, and therefore the idea, though perhaps theoretically interesting, has presently no practical significance. An international monetary system based on SDRs alone is almost inconceivable since it would require the replacement of about 95% of present reserves with SDRs, leaving untouched the enormous dollar float in private hands and representing an intolerable inflationary threat to any country into whose currency the SDRs could be converted. An SDR/gold standard is theoretically conceivable but would in effect simply be the old gold/exchange standard in another guise, and subject to the same ills.

Political Preference for Fiat Money

Realistically, given the political and economic power of the U.S. and the monetary prejudices of its money managers, the

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most likely alternate futures at this point are either the continuation of the present non-system, sooner or later leading to quantitative trade controls to reduce or eliminate trade desequilibria (since no other equilibrating mechanism will be at work) or a dollar/SDR monetary system. A little known fact is that SDRs are not convertible into any or all of the component currencies, but only into dollars, pound sterling or French Francs. Given the twentieth century monetary history of the latter two currencies it can readily be seen that an SDR/dollar standard would in effect simply be a dollar standard, or a repeat of the Smithsonian "system" which lasted exactly fourteen months, between December, 1971 and February, 1973, when all the world's currencies floated off on a tidal wave of dollars.

Without reviewing at length the arguments for and against the gold standard, it may be said that the argument for reinstitution of a domestic gold coin standard rests on the belief that such a standard provides an equilibrating monetary mechanism, largely beyond the control of politicians, which prevents wide price fluctuations. It is pointed out that between 1821-1914, for example, when Britain was on a domestic gold standard, the price level ranged only between 72 (1896) and 126 (1821) with 1913 = 100, and was under 80 or over 120 in only 14 years during that period (8, 30). In the U.S. under the gold standard, price fluctuations were even narrower. This remarkable record of price stability was noted by Keynes (9, 11-12). It is also claimed that with a currency valued in and for itself, confidence will be greatly enhanced, and thus also savings, investment, production, etc. Similar reasons are given to favor an international gold standard, i.e. stability and confidence. Additionally, it is claimed that an international gold standard would make it impossible for countries to export inflation. Of course, if a country is part of an international gold standard system but does not have an internal gold standard, domestic fiat money inflation can offset the internal effects of a loss of gold, but at least this inflation will stay at home. Eventually, in any case, the offending country would lose all its gold and be forced either to deflate domestically, close itself off from international trade, or resort to barter.

The Debate over Gold

The opponents of the domestic gold standard claim that

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it would subject the economy to unplanned changes in the costs and quantities of gold production and would stultify economic development through inadequate growth of money supply (7). In its only attempt to justify its curious and seemingly self-damaging refusal to maintain dollar convertibility through a sufficient increase in the dollar price of gold (decrease in the gold content of the dollar), the U.S. Treasury stated that such a move would be 1) destabilizing 2) inflationary and 3) rewarding to the Soviet Union and the Republic of South Africa.

It is sometimes argued that there is insufficient gold extant to provide international trade and investment with the required liquidity. This is a triple fallacy. In the first place shortage of the settlement commodity is partly a function of price. No one claims that a gold standard could be restored at an artificial parity of $42.22 per ounce! Second, as a *settlement* commodity used to correct disequilibria, the amounts of gold required would be modest and need not be expanding (there is no reason to assume that trade disequilibria will expand even if the volume of trade does). The Bank of England, in the heyday of the gold standard, never maintained a large stock of gold (5, Finally, a country's reserves represent *its* liquidity, not the world's. An individual country may be in a liquidity squeeze, which simply means that others will have excess liquidity. This, in fact, is what the automatic adjustment mechanism of the gold standard is all about. "International" liquidity problems are impossible under a gold standard.

Stripped to its fundamentals, the argument between managed fiat currencies and a commodity currency is a question of values. Two hundred and seventy years ago, John Law, inspirer of the first fiat money inflation in France, expressed the supposed economic justification for fiat paper as well as anyone since: "To be powerful and rich we must have money . . . . As the additional money will give work to people who were idle and enable those already working to earn more, the output will increase and industry will prosper." (quoted in 5, 23). Additionally, a manipulated currency greatly enhances the political control of the central authorities, a kind of control which prior to the twentieth century could be exercised only in autarchic, hermetically sealed states, such as early nineteenth-century Paraguay. Briefly, the controversy is between faith in the individual decisions of millions of private persons and groups versus

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faith in centralized bureaucratic direction and planning.

Polemics one way or the other abound. Reams of paper have been written and published about the monetary crisis, Eurodollars, SDRs, and the IMF. What is curious is that very little, indeed practically nothing, has recently been published about how one would go about reestablishing either a domestic or an international gold standard and what the implications of such a move would be, if attempted either in a single country, regionally or internationally. Although a few recent works have touched on the question, some purely historically (1; 2; 3; 4; 10; 11; 12; 13), the author knows of only one short article which deals with a small part of the question thoroughly from a technical standpoint (6).

The Classical Gold Standard

The following examination of the question does not claim to be definitive and even less, exhaustive. Hopefully it will at least stimulate the beginnings of an analysis of what would be involved in the reestablishment of a domestic and/or international gold standard, should the above-mentioned dispute over values ever tip over to the side of stability, freedom, and individual responsibility. Should this happen, it would be tragic if mistakes such as the undervaluation of gold following World War I or the gold/exchange system of 1922 were to be repeated, leading to new breakdowns blamed on the gold standard itself, although actually due to its misuse or misapplication.

The Achilles heel of the classical nineteenth century gold standard (the system most advocates of the gold standard seem to favor) as well as earlier informal international gold coin standards was that in fact if not in theory the numerator and denominator in the most important international trade and capital transactions was one and the same – that is, a national gold coin or a national certificate representing gold. Thus the country (or countries) issuing the coins or certificates could unilaterally damage or destroy the system and the economic health of the world by debasing its coinage or lowering the gold content of its certificates or abandoning convertibility altogether for whatever reason it felt appropriate or perhaps for external reasons over which it had no control. The history of the staying power of these coins and certificates does not give rise to optimism. The reign of the *bezant* lasted eight hundred years, a term of office I am sure we would all be happy to accept

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today. The ducat held sway for approximately three hundred years and the Spanish coinage about the same. But the pound sterling was the world's monetary denominator (and often numerator) for only 93 years and the U.S. dollar bobbed up and down for about 57 years before sinking entirely.

There is no reason whatsoever to assume that the same process would not repeat itself in the future even if a country economically and politically powerful enough could be induced to adopt a domestic gold or gold-convertible currency to be used as an international medium of exchange and standard of value. (To have a domestic gold standard simply means that the country involved defines its monetary unit in terms of a weight and fineness of gold and provides for unlimited convertibility of paper certificates into their gold equivalent.)

In any case there seem to be only two realistic candidates at present for the role of issuer of an internationally-useful gold currency. The United States is still by far the world's largest single producer, consumer and trader. Coupled with its military power the U.S. is the logical candidate for a return to a domestic gold standard as the basis for a meaningful international gold standard. For such a move to succeed the inflated dollar would have to be realistically pegged to gold at somewhere near the market price or somewhat higher (gold's price in terms of the dollar is artificially depressed by constant "demonetization" propaganda, Treasury sales, etc.). Part of the revalued gold stocks would undoubtedly have to be used to reduce the dollar overhang in the hands of foreign central banks.

Problems of Revaluing Gold

It is true that the dollar overhang presently is so gigantic that coupled with domestic money supply (M-1) the total is probably ± $1,000,000,000,000 so that to increase the price of gold to be able to cover 100% domestic and foreign redemptions would require a price of about $3,200/oz. This is far beyond the price justified by even the substantial inflation that has taken place. It would also destroy the commodity value of gold and thus make it as much a fiat medium as paper money is now. Aside from being impossible, maintenance of a 100% redemption reserve should not be necessary since the restoration of a domestic and international gold standard would in itself result in a great upsurge of confidence in the dollar. To avoid any such possibility, however, convertibility could be restored in stages,

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as it was abandoned in stages.

It is sometimes said that a revaluation of gold is the equivalent of "legal counterfeiting." (8, 32). This is so only if the holders of the original dollar obligations considered them to be gold-convertible. This is not the case with any but pre-1971 foreign central bank dollar holdings, and the central bankers could be offered the alternative, if they wish, of converting some of their dollars into a long-term interest-bearing funding loan to the U.S. Aliber feels that such a loan would be unnecessary (2, 72) and he is probably right, but psychologically the existence of such an option might be useful.

It is sometimes argued that such a revaluation of gold (devaluation of the dollar), if coupled with convertibility, would have an inflationary effect domestically. This would be the case only if the Treasury were to issue gold certificates to the Federal Reserve to the extent of the revaluation rather than credit Treasury Cash. In 1934 the $2.8 billion writeup due to the devaluation of the dollar was neutralized in this way to the extent of $2 billion, which was placed in a stabilization fund (eventually used to pay the U.S. gold quota to the IMF). (8, 11) Of course, it would have been much preferable had the whole increase been monetized, given the deflationary conditions of the time, but that is another story. The differential due to the devaluation of December, 1971 *was* monetized, and added to current inflationary pressures.

Even if the differential is monetized, however, the Federal Reserve can neutralize any inflationary impact by an equal offsetting sale of Treasury obligations on the market. This was done with the October 1973 devaluation increase. A collateral advantage would be that by so doing the Treasury would be subjected to the discipline of greater interest payments (interest paid by the Treasury to the Federal Reserve is returned to the Treasury minus a nominal handling charge) with no concommittant increase in the national debt. (6, *passim*).

Another way the U.S. could return to a gold standard would be simply to repeal the legal tender laws (Gresham's law operates only when the "bad" money is legal tender so that creditors *have* to accept it.) Such a move would result, however, in a massive depreciation of paper-dominated values from Federal Reserve notes to bonds, stocks and insurance policies, and a financial panic of epic proportions.

The only imaginable present alternative to a U.S. gold dollar

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as an international gold trading currency might be a gold Arab dinar, uniting the currencies of the Gulf states (Kuwait, Saudi Arabia, the United Arab Emirates, Qatar and Oman.) Given their present role as hugh exporters of capital and sizeable exporters and importers of goods and services this might work, even though they lack other desirable qualifications. One can envision the possibility of such a gold Arab dinar becoming a widely-used numerator for an international monetary system based on gold bullion as the settlement commodity.

A gold-based Western European currency could serve the function, but such a degree of unity and merger of sovereignties seems most unlikely, at least at present.

The socialist bloc led by the Soviet Union might conceivably take the lead in demanding that international settlements be made in gold, and a convertible gold ruble would be a powerful currency. The idea of any totalitarian country making its currency internally convertible into gold, however, is practically a contradiction in terms.

No other country or group of countries at present has the economic importance necessary to have its domestic gold currency become the benchmark for an international gold standard. For example, the Republic of South Africa issues a one ounce gold coin called the Krugerrand. Although the Krugerrand is legal tender in South Africa, its production is mostly for export, and is used both internally and externally purely as a uniform, convenient store of value, having no medium of exchange or standard of value functions.

A Feasible Solution

Besides the fact that there seems to be little inclination on the part of the U.S. government to reestablish a domestic gold standard, however, such a move would clearly be seen by other countries as an attempt to reassert American economic, and therefore political, hegemony in the world. It can therefore expect to be stoutly resisted by most of the other powerful economic blocks. An Arab gold dinar would last only until oil surpluses began to dry up and the Arab countries became again net debters. That is to say, none of the above could solve the central problem already mentioned: any restoration of the classical international gold standard would tie the economic future of the world to the country or countries whose gold or gold-convertible currency became the international settlement

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medium. It is our contention that any future gold standard should be based on a convenient weight and fineness of bullion gold, *denominated in no currency,* and with all important trading currencies denominated in terms of bullion, and only indirectly in terms of each other.

The practical significance of such a system lies in the following factors: 1) It conforms to the present economic reality of the world, which has no single dominant economy or empire, but is divided into at least six powerful economic groups – the United States and dependencies, Western Europe, the Soviet bloc, the Middle Eastern oil producing states, Japan, and China; 2) Such a system would be absolutely neutral politically and thus has at least a chance of being acceptable to all blocs. 3) It could perhaps be forced into effect, as already mentioned, by one of the powerful economic blocs demanding that trade and capital settlements with it be denominated in gold bullion. 4) It would enable any country which so desires to debase its own currency, with disastrous domestic effects, to be sure, but without seriously affecting the rest of the world.

In short, the numerator of such a system would be any currency. The denominator would be no currency – only gold bullion. An additional advantage would be that since the currencies of all countries which were members of the system would have to be externally convertible into bullion, prohibition of domestic gold holding by private citizens would be well-nigh impossible to enforce, except in totalitarian countries. In other words, not only would a denationalized international gold bullion standard be preferable to the classical international gold standard, unlike the classical standard, it would have some reasonable chance of actually being adopted at some point as the basis of a new international monetary order.

I repeat what has already been said. None of the above is intended to be definitive. But after all an international monetary system will be restored sooner or later, probably after some sort of economic/financial Armageddon including destruction of the dollar by hyperinflation. Either some error of the past will be repeated, such as the gold/exchange standard, in which case we can assume the same problems will recur, or coercive power will be given to a central international monetary authority, or a commodity settlement system will be reestablished. If the latter, gold is clearly the leading candidate. Even if the first alternative is the more likely one, it behooves those concerned

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with the future economic, social and political health of the Western world to abandon polemics and analyze in detail the mechanisms and implications of the possible restoration of a gold standard. "The virtue of gold in the monetary system is not that it is endowed with mystical properties. Rather, its advantage is that it is a useful kind of international money with a long history of acceptance." (2, 73).

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THE INFLUENCE OF PACIFISM ON THE U.S. ARMED FORCES

By G. Russell Evans

Over the past few years, a number of personal observers claimed that, consciously or unconsciously, the U.S. Departments of State and Defense have tended to nurture a pattern of pacifism and situational ethics. The evidence cited ranges from the United Nations negotiated stand-off in the Korean War to a recent incident involving nuclear ethics at the U.S. Military Academy. Our purpose is to examine these incidents and consider their impact on the morale and effectiveness of America's armed forces. We will begin with a recent incident.

In April 1982 four high-ranking former U.S. officials proposed a profound shift in military strategy: the U.S. would renounce "first use" of nuclear weapons if the Soviets attacked Western Europe using only conventional weapons. Present U.S. plans include use of the neutron bomb as a kind of "equalizer," since the Soviets enjoy superiority in conventional weapons in Europe.(1)

The records of these former planners, however, contain nuances of pacifistic overtones and their current proposals are no exception: Robert S. McNamara, Defense Secretary for Presidents Kennedy and Johnson, gave us MAD (mutual assured destruction) which resulted in Soviet military superiority; he was also the strategist involved in the U.S. defeat in Vietnam. McGeorge Bundy, national security adviser to President Kennedy, has characterized federal security as "needless confusion and fear." George F. Kennan, former ambassador to the Soviet Union, invented the "containment policy" for shaming the Soviets from their adventurism. The fourth planner is Gerard Smith, SALT I negotiator. In response to their proposals Secretary of State Alexander M. Haig, Jr. warned, this plan "would be tantamount to inviting Russia to invade Western Europe." By contrast, Soviet Ambassador Antoly Dobrynin "indicated that USSR would be interested in such a proposal ..."(2)

Accommodating the Communist Regimes

Going back to the 1930s. critics have pointed to a pattern of

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pacifism and persuasion in the U.S. armed forces for accommodation with the new communist regime in Russia. In 1928 a War Department training manual on citizenship had been issued to the soldiers, extolling the U.S. form of government and criticizing communism. Later, the manual was withdrawn without explanation, shortly before the U.S. alliance with Russia in World War II. (3)

This policy of screening out material, potentially offensive to the Soviets, has continued. We have a recent example. In October 1981 at the Convention of the Association of the U.S. Army, Major General Robert Schweitzer told his fellow professionals something of the imminent communist threat, but nothing that had not already been said by the White House. As a result, he was soon relieved of duties on the National Security Council and reassigned. (4)

General Schweitzer had said, "The Caribbean is in flames" and he blamed the "active organized communist insurgency." He called the communist threat very real and deplored misguided revolutionaries in the churches and in Western Europe for their "pacifism." He concluded with praise for President Reagan's dedication to national defense. Nonetheless, he was "fired." The circumstances bring to mind the fate of another Army officer who sought to warn the troops about communism.

This was Major General Edwin A. Walker, famous for his Pro-Blue program. General Walker launched his training drive in January 1961 for the purpose of educating the 24th Infantry Division about communism, but by the end of the year he had been removed from his command. During the preceeding eight years, no less than eleven other officers had been stripped of their effectiveness for attempting to indoctrinate the troops. (5)

Soon after Pro-Blue began, the 24th Division was generally rated as one of the Army's best, with excellent morale and discipline. However, by October, the Secretary of the Army had admonished General Walker, the President had withdrawn his promotion to command the 8th Corps, and the general was to be relegated to Hawaii. He resigned in order not to compromise his principles. (6)

How could this happen? It came about as a result of a complex interaction between the newspaper *Overseas Weekly,* Adam Yarmolinsky, and Arthur Sylvester of the Defense Department

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on one side, and General Walker's principles on the other. It was also consistent with what appears to have been Secretary McNamara's deliberate policy of screening the military to identify and "fire" senior officers who spoke against communism. General Walker's treatment was to be an example to other officers.

One prominent soldier said the wrecking of Pro-Blue was a victory for world communism. Senator Strom Thurmond (R-SC) said American soldiers were being denied the right to know their enemies. Gus Hall, leader of the Communist Party USA, connected General Walker with the right-wing element that, he said, was "posing a threat to the United States." The Department of Defense made it official: A new directive restricted officers from advocating right-wing principles in public places. Thereafter, they assumed that any public opposition to communism was a punishable offense.(7)

This "muzzling" of the military was intensified in 1961 by the famous "Fulbright Memorandum," sent to President Kennedy by Senator J. William Fulbright (D-Ark), Chairman of the Senate Foreign Relations Committee;(8) Mr. Fulbright, the crusader for accommodating the Soviets, extended his anti-anti-communism to include the suppression of statements that "might offend the Kremlin." The Kennedy administration agreed, since they were viewing the Soviets as "mellowing" and "converging" with the West, troop indoctrination about the dangers of communism was discouraged.(9)

Pacifist Influence in Korea

This kind of pacifism had apparently carried over from the Korean War where the United Nations Commander, U.S. General Douglas MacArthur, was denied victory because the UN preferred a negotiated stalemate. Moreover, General MacArthur's military plans were subject to review by the UN Undersecretary for Political and Security Affairs, a post habitually held by a communist since the UN was founded(10)

We should explain. Although Article 47 of the UN Charter provided for a Military Staff Committee, none was established. Consequently, the Undersecretary, Mr. Constantaine E. Zinchenko of the USSR, was responsible to implement "plans for the application of force" in accordance with Article 46.(11) American troops, therefore, were under the direction of a USSR

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General Thomas A. Lane, U.S. Army (Ret.), called these losses of experienced officers a product of McNamara's preoccupation with "civilian control" over professional military judgements that he and his civilian assistants were ill-qualified to make. He said, "The reality of war was hidden and all pretended ... that our military policy in Vietnam was defensible. The privates in rank knew better. Soldiers in Vietnam knew that only the constraints of politics prevented them from defeating the enemy and ending the war." U.S. leaders were promoting the peace syndrome, and all considerations of honor, duty, and self-interest were overwhelmed by opposition to the use of enough force to win the war. It was the spirit of pacifism.(15)

As to the subservience of military commanders to political judgements in war operations, Homer Lea (1876-1912), the great American soldier and author, wrote: "The efficiency of every army is determined by the efficiency of its officers. Though self-evident, it is not fully understood that in great wars the genius and knowledge, the ability and experience of general officers determine more than any other factor the success or failure of campaigns."(16) This dictum was not allowed in Korea and Vietnam.

Neither was the principle of "command and control" allowed, wherein the battle commander must know what is going on, decide what to do, and do it promptly, bypassing "sequential nodes" at times in order to gain the victory. The "nodes" in the Korean and Vietnam Wars were the amateur civilian "commanders" in Washington and the UN who prevented "command and control" with excessive restrictions, reporting, and indecision.(17)

Reactions after Vietnam

President Jimmy Carter's precipitant action in granting blanket amnesty to the draft dodgers and deserters of this era intensified the demoralization of those who had served. Navy Commander Michael D. Christian, former prison-of-war, resigned his commission and laid his 14 metals on the graves of veterans, saying, "The price of honor is now cheap." U.S. Marine Corps Captain Nicholas Prokopchun, a combat commander, said, "The honor and causes were lost, not in Vietnam but here in the United States ... We who served didn't lose our honor ..."

Army Colonel George Day, a Medal of Honor winner: "How

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"commander" in the UN even though the enemy was communist North Korea, assisted by Red China. No clear-cut American victory was possible, of course; and the vacillations and delays came to be called "bug-outs" by the American fighting men, depressed and demoralized by indecisions. When General MacArthur also balked, it became necessary for the UN to have him removed, using President Truman as its surrogate.(12)

For the same reasons, the U.S. top commanders, including Army General Mark Clark, Air Force Lieutenant General George E. Stratemeyer, and Navy Admiral C. Joy Turner, were equally concerned that their civilian superiors would go along with such arrangements. As to the UN-State Department orders forbidding the bombing of Chinese assembly areas north of the Yalu River, General Stratemeyer said, "It is contrary to everything that every military commander that I have been associated with or from all of your history ... where he could not win the war he started out to win. ... I know that General MacArthur's hands were tied, I am sure, not by the Joint Chiefs of Staff, but by the, then, State Department."(13)

McNamara and the Vietnam War

The control policies of Korea were also applied to the Vietnam War, though complicated this time by the indecisions of President Johnson and his Defense Secretary, Mr. McNamara. The troops experienced shortages of supplies, weapons, ammunition, pilots, and ships, as Mr. McNamara "managed" the war with minimum advice from veteran commanders.(14) The result was another defeat, with the media, many churches, and peace groups deriding all participants. Indeed, Vietnam was a rout, ending in ruthless invasion by the North Vietnamese armies as hundreds of thousands of refugees fled in panic after withdrawal of U.S. forces.

Dissatisfaction with the civilian leadership and its desultory management practices took a toll: a number of capable senior military leaders actually left the services. Admiral George W. Anderson, Chief of Naval Operations, retired six years early because of his testimony on the controversial TFX aircraft. Air Force Chief Curtis E. LeMay, the man who built the Strategic Air Command, Air Force General Lauris Norstad and Navy Admirals William A. Brockett and Charles A. Curtze – all retired in protest over untenable decisions in the Defense Department.

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can we expect high standards of performance in future military conflicts if cowardice, disloyalty, rejection of duty, and desertion are to be the new accepted standards of conduct?" The American Legion's National Commander, William Rogers, observed, "Blanket amnesty ... will insult the verterans and the survivors of those killed ... and deal a crippling blow to the concept of a citizen-soldier defense force."(18)

Even as the Vietnam struggle continued and concomitant with his Defense duties, Mr. McNamara had other interests. For example, he was dedicated to the social programs of the '60s and in 1965 said, "I think it would be a tremendous opportunity for us economically and socially to eliminate defense. It would be a social good."(19) Soon afterward, his assistant, Adam Yarmolinsky, was pursuing rapid integration at all military bases and in the nearby communities, and "channeling the resources of Defense into the war on poverty." Congressman Joe D. Waggoner (D-La) suggested that McNamara stick to Defense, adding that servicemen lacked confidence in their leader.(20)

This trend away from national defense and toward pacifism was noted in earlier leaders. We recall the activities of John Foster Dulles, Secretary of State 1953-59 during the Eisenhower years. In 1942 Mr. Dulles had chaired a Federal Council of Churches Commission that recommended, among other things, a world government of delegated powers and international control for all armed forces.(21) The latter proposal, of course, was tried in the Korean and Vietnam Wars. Later, the Nixon administrations cut back on national defense, as did the Ford and Carter regimes, notwithstanding the unprecedented Soviet advances.

Does the U.S. Military Academy Need Pacifism?

With the foregoing background in mind an incident which occurred in 1981 involving the Reverend William Sloane Coffin, Jr., of New York's Riverside Church, the State Department, and the U.S. Military Academy at West Point, New York, will be seen to have considerable significance.

Dr. Coffin participated in the Academy's "course in American Institutions," a program designed to help the future officers handle "disparate views." His theme was nuclear pacifism, a somewhat surprising subject for America's primary institution

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for training future military strategists, particularly since no rebuttal speakers were on hand to provide some balance. Nonetheless, Coffin won goodwill, gifts, and the approval of the U.S. State Department's Gene Preston, a Foreign Service Officer on duty at West Point. Mr. Preston observed, "I wish he [Coffer] had borne down even harder on the mission of total defeat that the Lord promises for self-deceiving people."(22)

Later, Mr. Preston elaborated on Coffin's ideas on nuclear situational ethics and unilateral disarmament and added some of his own in articles that appeared in two national religious magazines, *The Christian Century* and *Christianity Today*. Dr. Coffin's performance was predictable, but Mr. Preston's suggested a serious divergence from his Commander-in-Chief's announced policy of building adequate nuclear defenses.

At West Point, Dr. Coffin was cast in the role of the Prophet Amos in winning over a hostile group and departing in comaraderie. In the process, he labelled the Defense Department the "Offense Department" and laid on his vintage lines, "Megamurder has become thinkable and doable" and "We're on a macho binge in foreign policy ..."

The inclusion of Coffin in this progressive education-type course reflected an innovative change in policy. Coffin, the booster of pacifistic elements that had given aid and comfort to those killing and wrongfully imprisoning U.S. military men, now found himself the honored guest in "dialogue between self-proclaimed peacemakers and the professionally sworn warmakers." In 1978, for example, he had already called the Pentagon the "Jim Jones" of America's society, and during the Iranian hostage crisis, he had named the United States "the guilty party." Earlier, he had been jailed for counseling draft law evaders.

As for Mr. Preston's writings, he told the religious community, much of which was already marching and demonstrating against national defense, that the U.S. military officers' personal ethics conflicted with their nuclear ethics; and further, he said, we need mobilization against increased defense expenditures. Indeed, he added, most cadets "are already nuclear pacifists,"(23) and he quoted one as telling Coffin, "Sir, as we would be among the first to get our asses blown up if the U.S. begins to use tactical nuclear weapons, you are talking to a group of peaceniks."(24)

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Gene Preston of the State Department went on to define an officer's ethical responsibilities "in a neat dichotomy: in nuclear matters, one is a conscious objector; in conventional military matters, one is sworn to defend the national interest with one's life." As for the cadets at West Point, he predicted, when they later face nuclear doctrine on the battlefield, then "Nuclear situational ethics is at hand for them." And finally, "The peace movement would have pursued a far more effective strategy if it had convinced Coffin to campaign for the senior chaplaincy at West Point."(25)

In government affairs, particularly military matters, undercutting of major policies of the Commander-in-Chief is generally known as insubordination. Mr. Preston appeared to be guilty of this offense. However, inquiries brought out some interesting reactions:

The Academy Superintendent, Lieutenant General Willard W. Scott, Jr., U.S. Army, advised that Coffin "stimulated meaningful discussions," although "pedagogical philosophy" argued against any more Preston-types at West Point. However, he said, no action against Preston was warranted.(26)

Senior members of the U.S. Congressional Armed Services Committees, including Senator John Tower (R-Tex) and Representatives William L. Dickinson (R-Ala) and G. William Whitehurst (R-Va) were appraised of the details but all declined to initiate any meaningful inquiries.(27)

After nine months, and a series of inquiries to the State Department, Clint A. Lauderdale, Deputy Assistant Secretary for Personnel, decided that Mr. Preston had not been insubordinate and that he had complete academic freedom while serving at West Point. This blanket authority, therefore, granted freedom of speech on any national issue, regardless of the President's position; it included the right to speak *against* defense. We recall a different treatment for Major General John K. Singlaub in his speaking *for* defense, as U.S. Army Chief of Staff in South Korea in 1977. He spoke "off the record" and without knowledge of President Carter's plan to cut defense forces in South Korea, and was "fired" for so doing.

Incidents such as those involving General Singlaub, General Schweitzer, and Mr. Preston can only encourage the mushrooming peace movements of the churches and other groups that are marching and demonstrating for unilateral disarmament and, in some cases, for Bertrand Russell's old slogan, "Better red than dead."

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Other Problems

The problem of countering external pacifist influences in the military academies is also broader based. General William A. Knowlton informed the author that situational ethics was a problem when he was Academy Superintendent during the years 1970-74, and that not only did incoming cadets have to be imbued with a sense of absolute values but there was also a continuing problem with the influence of civilian lawyers assigned to the Department of Law.

Some of the attornies recruited from U.S. law shools to teach at the Academy encouraged cadets to instigate specious law suits against government officials. In another case a letter was lifted from the Superintendent's files and passed on to an anti-war group, which had it published in the *Baltimore Sun* in an attempt to prove military influence in the Courts. In point of fact the letter was from President Nixon's military aide, and it routinely advised General Knowlton about a case that might go to the Supreme Court. Subsequently, however, General Knowlton worked with Senator Goldwater to have Congress authorize legal training for military officers with troop experience to serve at the military academy. This practice is now in use and represents a substantial improvement.

The currents of pacifism and situational ethics that we have been tracing can erode the fundamentals of defense including the efficiency of the U.S. defense forces. We saw this in Korea and Vietnam, in the control of U.S. forces by UN "commanders," in the muzzling of military leaders and in the "academic freedom" of our Foreign Service Officers. Consequently, U.S. military leaders have been frustrated, but they continue loyalty to the civilian leadership by virtue of their training, discipline, and character. Perhaps the national leadership, both military and civilian, has given insufficient attention to a principle that is basic to the success and well-being of the republic: it is the traditional bond between the officer and his men, leader and the lead – the bond that is welded by leadership and trust, *beginning at the top.*

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(12) U.S. Senate Document Number 87. *Review of the United Nations Charter, USS,* January 7, 1954, pp. 646-59.

(13) U.S. Senate Report. The Korean War and Related Matters. Committee on the Judiciary, January 21, 1955, p. 8.

(14) Allen-Scott Report. *The Register,* Santa Ana, California, August 3, 1965, p. 8; *Human Events,* Washington, D.C., March 12, 1966, p. 1.

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POLITICAL SCIENCE AND ANTHROPOLOGY: THE PROSPECT FOR A COMPLETE UNDERSTANDING OF WESTERN POLITICAL THOUGHT

By John E. Tashjean

It is an open secret that the academic study of political theory has suffered a protracted identity crisis during most of this century. Starting in the twenties the movement of logical empiricism began its campaign culminating in the behavioralist triumph in American political science in the fifties and sixties. This threatened all literary and speculative study of political theory with deprivation of scientific status as defined by logical empiricism. In the same era war and polarization threatened to transform political theory into ideology. The interest in policy analysis beginning in the sixties cannot solve the academic problems of political theory because the concerns of the policy analyst extend only to a part of the traditional corpus of political theory. Another way of describing the present picture is to say that while the dialectic between the approach of Quentin Skinner and Straussian textualism involves two very different schools of thought, it still leaves out substantial, topical and methodological interests. (1)

Two recent developments, however, may transform both the scope of political theory and the problem of interpreting the classics of Western political philosophy. One of these developments is due to comparative philology and to historical anthropology; its great merit is that it gives definite substance to the vague concept "Western" by directing our attention to a study of social and political ideas characteristic of the Indo-European (I-E) peoples who created these classics. These are the peoples who conquered India, created the Persian empire, gave us the glories of Greece and Rome, settled America, and most recently set foot on the moon.

Modern Political Philosophy

Their active and searching spirit produced not only an historic *Wanderlust* but also another modern European characteristic: political philosophy of the speculative kind. Modern speculative political philosophy was occasioned, in part, by monarchical absolutism and denominational warfare; but long before these two circumstances had spurred educated western laymen to philosophize on political topics, unless Indo-Euro-

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peans had given thought to politics. Although this early of policy-oriented analysis and advice got little enough attention from the more speculative political philosophers but has been the object of considerable scholarship in the nineteenth and twentieth centuries, thanks partly to the rise of medieval studies.

To put these two developments in systematic order, then, we may note first that the scope of political theory has been substantially enlarged by the recognition that in Western civilization writings on statecraft (typically cast in the literary forms of mirrors for princes and political testaments) precede and accompany the discussion of political topics by philosophers, theologians, lawyers, and natural scientists. The authors of works on statecraft have often been political practitioners at the highest levels; among them one finds some of the most illustrious minds of mankind. (2) Their writings tend to focus, naturally, on the arts of leadership, on key questions of public policy, and on the problems of political and military strategy. Instructive as these writings are in themselves, they also throw light on the genesis, intention, and lacunae of utopian strands in the classics of political theory. In mirrors for princes we have much better pedagogic access to the perennial problems of advice and persuasion than in the classics of theory. Furthermore, modern European statecraft lies at the root of all contemporary theory of macroeconomics and administration; the very word "statistics" is derived from the statecraft of the Italian renaissance. Yet, in spite of the several scientific reasons for studying statecraft in itself and in conjunction with the classics of political theory, one may safely guess that the number of American institutions offering courses on the subject can be counted on the fingers of one hand. Suffice it to say that a good deal of research awaits scholars not only in the corpus of statecraft theory still partly unpublished and untranslated, but also in the mutual illumination of statecraft writings and the well-known classics, in the developmental analysis of the two genres, and in cross-cultural comparisons of statecraft literature.

Value of Anthropology to Political Science

At the same time that the scope of political theory has been significantly enlarged, there has begun the discovery of the

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cultural and anthropological foundations of Western political thought, chiefly by the application to Western political classics of the new comparative mythology associated with Professor Dumézil and his disciples. (3) This new school of thought, drawing on the earlier disciplines of comparative philology, historical anthropology, and the sociology of religion, makes it possible to deepen and order our insights into western Indo-European (I-E) societies, in which the vast majority of the classics of political theory were composed.

For present purposes one may distinguish in the new comparative mythology a substantive and a conceptual aspect. To give an example of the former, Dumézil has shown that Indo-European societies are or were stratified into three functions: sovereignty, defense, and economic production. Hippodamus, the first city planner of ancient Greece, laid out his ideal city accordingly. Even today we still speak of "white collar" and "blue collar" workers, which is to employ an old Indo-European color code. In a word, functional tripartition goes to the heart of the relations between individuals, groups, and nations, and must therefore be fundamental in the interpretation of Western political classics from Plato's *Republic* down to Hegel's *Philosophy of Right*. At the same time this and other I-E conceptions of social order assist in the study of I-E and Western statecraft by making explicit some social and normative premises not necessarily articulated in statecraft writings.

The more conceptual aspect of the new comparative mythology is exemplified in Littleton's discussion of the problem of explaining cross-cultural parallels. From the study of anthropology three explanatory models are borrowed: independent invention, diffusion, and the genetic model according to which parallels point to a common heritage. (4) The genetic model is traceable at least to Leibniz' ventures into historical philology, but has been neglected in favor of diffusion and independent invention in recent anthropology. Now comparative mythology has given it a new lease on life.

The bearing of this on the history of political thought and on the history of statecraft theory is that these three models are general enough to apply also to parallels in social and political thought. It seems fair to say that students of the history of political thought, whenever they speak of the influence of one

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thinker on another, resort to the diffusion model for the explanation of parallels. Not surprisingly the history of political thought has concerned itself to some degree with specific mechanisms of diffusion such as esoteric doctrine, grades of initiation, the Platonic academy suppressed as late as Justinian, and the orders, sects, and societies of medieval and modern Europe. Such topics are familiar to students of theory; instead of rehashing these matters we shall pose a new problem testing the relative advantages of independent invention, diffusion, and the genetic model. In the early Middle Ages one can find what we today would call a philosophy of law enforcement in the writings of Saint Isidore of Seville, one of whose definitions of justice was "to return evil for evil." (5) This, be it noted, from an important bishop and father of the church, presumably familiar with the New Testament injunction to return good for evil. To do good to the good and evil to the evil is, it so happens, Zoroastrian doctrine. How is this parallel to be explained? The Visigothic situation of conquest in which Isidore found himself might suggest the independent invention of criminal law for purposes of political consolidation. The argument for diffusion might rely on a link by Augustine in his Manichean phase or aspect, and possibly also upon Visigothic tradition insofar as it might parallel to Zoroastrianism. Similar traditions, however, would argue for the genetic model.

Future Prospects

The great attraction of these new comparative Indo-European studies is that they provide the basic context in which we may seek to understand Western political and statecraft theory. The reader who turns to I-E studies, after immersion in the traditional academic study of political theory, will find himself surprised and greatly enlightened.

The exciting prospect thus emerges that in decades to come we will, for the first time, really understand the fundamental features of Western political thought. For we will, for the first time, see it whole, joining the texts of philosophers to the works of statesmen. And we will see in it the fruit – however poor or perfect – nourished by characteristic features of Indo-European thought and life.

And on these foundations there opens up a prospect wider still: the first well-founded picture of the political thought of

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the major civilizations, and of the place of Indo-European civilization in the world as a whole.

FOOTNOTES

(1) See Quentin Skinner, "Meaning and Understanding in the History of Ideas," *History and Theory* VIII (1969): 3-53, and the symposium on Skinner in *Political Theory* II (August, 1974).

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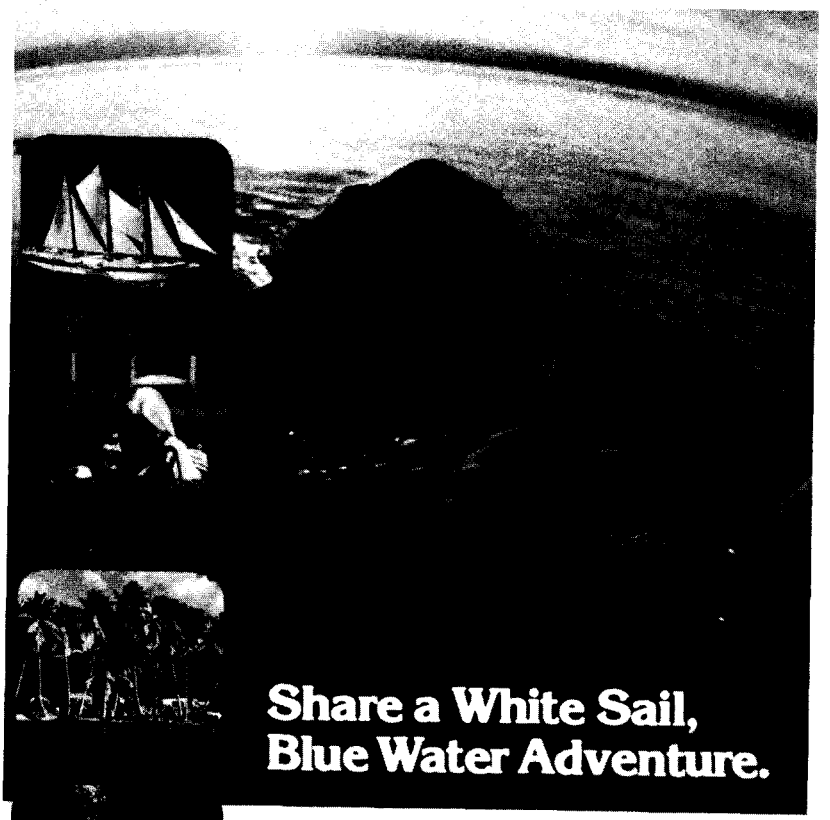

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ARTHUR R. JENSEN
Straight Talk About Mental Tests
The Free Press, New York, 1981, $12.95

Arthur R. Jensen, the world's foremost authority on mental testing, here presents a comprehensive, nontechnical introduction to the issues of the "IQ controversy":

- What are the relative contributions of heredity and environment of differences in general mental ability?
- Do standardized tests fairly reflect intellectual abilities of anyone tested, regardless of race?
- What are the causes of differences in mental test scores between social classes and racial groups?

Writing not for other experts but for interested readers everywhere, Jensen defines the "general factor" of intelligence, possessed in varying degrees by everyone, that tests are designed to measure. He explains how tests are constructed, how they are administered, and he reviews the criteria by which tests are judged. And on the touchiest topic of all – the reasons for the black-white IQ gap – Jensen shows that culturally biased testing is not to be blamed.

One of America's most influential psychologists, Arthur R. Jensen is at the center of the ongoing national debate over the uses of intelligence tests. Are they reliable predictors of scholastic achievement? Are they biased against racial minorities? Do they really measure intelligence, or simply the ability to perform well on the tests themselves?

Summarizing a wealth of research literature, *Straight Talk About Mental Tests* shows that most of the issues of the "IQ controversy" are actually not controversial at all. Jensen convincingly demonstrates that standarized tests can accurately measure intelligence, that they can "see through" learned skills to evaluate innate ability, and that they can reliably predict academic and job performance. Over the emotion-laden issue of racial differences in intelligence, Jensen stands firm in his views that the evidence is indisputable and that the tests remain the only way a democratic society can evaluate people as individuals.

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JOHN BURTON
The Trojan Horse
Adam Smith Institute, Leesburg, Virginia

In *The Trojan Horse* John Burton shows how British unions have exploited their links with the Labour Party to such a degree that the legal privileges and immunities they have obtained make them "exempt from the ordinary law of the land."

Many commentators see the growth of union power as the result of increasing economic interdependence — and hence greater strike threat power available to the unions. Burton argues that this theory is in error.

Union power in Britain is better explained by the success of the unions in obtaining changes in the law. In the twentieth century the unions have moved into the political arena by establishing a political party to represent their own vested interests — the Labour Party. Through their support of this party, the unions have not only been able to have enormous influence over successive Labour governments, but have also been able to frustrate Conservative administrations.

Political levies imposed by unions on their members — whether they are Labour Party supporters or not — now constitute the bulk of Labour Party funds. The unions also sponsor over 100 Labour members of Parliament and command an overwhelming majority of votes at the Party's annual conference and on its National Executive Committee.

Unions have used this power to block all attempts at reform by either Conservative governments or by elements in Labour governments. Furthermore, they have forced Parliament to stand idle amid terrifying violence by mobs of "pickets."

The Trojan Horse of trade unionism has been dragged inside the walls of British democracy, on the supposition that if union power were appeased it would become responsible. Britain is now reaping the consequences.

Burton's analysis holds lessons for many other counties, and in particular the United States. In America there are signs of concerted policy on the part of unions to secure legal privileges and to forge stronger links with the Democratic Party. The present crisis in Britain indicates the possible result of that policy.

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ROBERT W. WHITAKER (Editor)
The New Right Papers
St. Martin's Press, New York, New York, 1982.

The "New Right" has fast become a major element in American politics today. Comprised of both Democrats and Republicans disillusioned with the party positions on the issues, the New Right is a non-party groundswell of belief forged out of conservatism, traditionalism, libertarianism, and republicanism. The editor has brough together the most prominent voices and leaders of this new political consensus. Each of the twelve contributors has written his article expressly for this book, and together these papers constitute a groundbreaking document.

Whereas the "Old Right" represented Conservative, moneyed interests, the "New Right" is broader and more populist in its base. As contributor Samuel Francis states:

> "... The New Right is perhaps best known for its populism and its heated contempt for elitism and "limousine liberals."
>
> "... The lifestyles, aspirations, and values of the current elite are bound together, rationalized, and extended by what may be called the "cosmopolitan ethic." This ethic expresses an open contempt for what Edmund Burke called the "little platoons" of human society – the small town, the family, the neighborhood, the traditional class identities and their relationships – as well as for authoritative and disciplinary institutions – the army, police forces, parental authority, and the disciplines of school and church. The cosmopolitan ethic, reversing a Western tradition as old as Aesop, finds virtue in the large city, in the anonymous (and therefore "liberated") relationships of declassed, desexed, demoralized, and deracinated atoms that know no group or national identities, accept no given moral code, and recognize no disciplines and no limits. The ethic idealizes material indulgence, the glorification of the self, and the transcendence of conventional values, loyalties, and social bonds. At the same time, it denigrates the values of self-sacrifice, community, and moral and social order. Its most perfect (though extreme) expression is perhaps Mick Jagger, but a more typical and vapid form is portrayed in advertisements that tell us What Kind of Man Reads *Playboy*.

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"... The distinction between the nationalist focus of New Right and the anti-Communist orientation of the Old became clear in the opposition to the Panama Canal Treaty. While Old Right anti-Communists sought to protray the late Panamanian dictator Omar Torrijois Herrera as a Marxist, this was a far less effective tactic than Ronald Reagan's New Right, nationalist slogan on the Canal – "We built it, we paid for it, and it's ours."

"The nationalism of the New Right points to what is perhaps its best known characteristic, the rejection of the cosmopolitan ethic of the managerial elite and a thunderous defense of moral and social traditionalism.

"... The values associated with the Domestic Ethic will contrast sharply with those of cosmopolitanism: the duty of work rather than the right of welfare; the value of loyalty to concrete persons, symbols, and institutions rather than the cosmopolitan dispersion of loyalties; and the social and human necessity of sacrifice and deferral of gratification rather than the cosmopolitan-managerial demand for immediate gratification, indulgence, and consumption."

CATHERINE S. CRARY (Editor)
The Price of Loyalty: Tory Writings from the Revolutionary Era
McGraw-Hill Book Company, New York, 1973, $12.50

The passionate prejudices of the U.S. Revolutionary War Patriots have wrought a historical distortion – the Tory as an affluent Loyalist whose acts were traitorous and ethics unmentionable. *The Price of Loyalty* takes a fresh look at an accepted stereotype, places the Loyalists in a new perspective and provides meaningful insight into the motivations of these maligned participants in a war that was as much civil as revolutionary.

In contrast to the traditional approach of emphasizing the wealthy Loyalists – the royal officeholder, big merchant, large landowner, or Anglican clergyman – the author focuses on the average colonial settler who remained loyal to his British homeland. Through personal documents, Mrs. Crary presents a more balanced and representative account of the Tory move-

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ment than has previously been available.

The volume abounds with memorable stories and offbeat accounts of the Loyalists from seaboard and back country, in the South and in the North, and from among all classes. These tales of strikingly individualistic behavior, often movingly told, bring us face-to-face with the strength and determination of the Tory conviction.

One of the virtues of this book that makes it good reading for scholar and historical buff alike is that the Tory experience is depicted through the eyes of the little-known people who, in many cases, paid a greater price for their loyalty than did the rich and influential.

RICHARD C. CLARK
Technological Terrorism
The Devin-Adair Company, Old Greenwich, Connecticut, 1980, $10.00

Terrorism has become a terrifying reality for all, in America and worldwide. In this timely book Dr. Clark reveals the hard facts and figures of that reality and warns of the imminent threat to our lives and liberties if governments continue to lag in taking and enforcing active measures of security.

As he shows in irrefutable detail, American society is now virtually defenseless in the event of any number of terrorist possibilities. He analyzes the extreme vulnerability of our modern industrialized mechanism in such areas as nuclear power plants, computer, water systems, liquefied natural gas and other energy systems, and the ready availability to terrorists of chemical and biological agents to trigger mass disasters. His is no speculation. He documents known cases of terrorist action that *have already occurred* in the U.S. and elsewhere with serious loss of life and property. And these, he points out, are but "trial runs" for major attacks – and catastrophes.

Answering the argument advanced by some self-styled specialists and the often complacent news media that few possess the technological expertise to use weapons of mass destruction, Dr. Clark provides evidence based on authoritative sources (including government publications!) that the situation is quite the contrary. The "expertise" has been exhibited in controlled experiments by relatively untrained college students. As for the materials necessary to fabricate such weapons, he demonstrates

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how ready to hand they are by theft of inefficiently guarded nuclear plants and armories, even in regard to chemical and biological substances, from mail order houses! Other methods – for instance, tampering with or wrecking computers – are even easier.

In his concluding section Dr. Clark sets forth the historic and legal precedents that have been employed in times of crisis by the U.S. government that can be employed in the present emergency without endangering the fundamental rights of free citizens.

SHIRLEY FOSTER HARTLEY
Comparing Populations
Wadsworth, Belmont, California, 1982, $8.95

Hartley has put together an excellent product that has been long overdue in the demographic profession. For too long, instructors in basic courses have had to devise their own tools to enable students to better comprehend basic demographic concepts and techniques. Now, *Comparing Populations* does it for the teacher.

The author takes the student through the usual divisions of the discipline – from "absolute numbers" to "population projections and policy implications" – always taking care to explain in basic terms what the concepts as well as the formulae really mean. Using Mexico with its rapidly expanding population and Sweden with its near-declining indigenous population as illustrative societies.

SEYMOUR MARTIN LIPSET (Editor)
Party Coalitions in the 1980s
Institute for Contemporary Studies, San Francisco, 1981, $8.95

"The election of 1980 did more than break the Democrats' control of the White House and Congress. It also shattered some important assumptions about the character of our voting coalitions and the condition of our political parties. It opened some possibilities for the remainder of the century that had not been there before." So writes David Broder, a contributor.

His thoughts are echoed in the questions of twenty-one scho-

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lars, party leaders, and candidates whose essays comprise *Party Coalitions in the 1980s*. Will successful Reaganomics allow the Republicans to build a durable electoral coalition that will enable them to control Congress for years to come? Or will the Democrats regroup in 1982 and 1984 to recover their lost power? Which issues will predominate in the coalition-building in each party of the next decade?

Edited by political scientist Seymour Martin Lipset, and introduced by Broder, the study includes articles by Independent candidate John Anderson and by both Ronald Reagan's and Jimmy Carter's strategic advisers.

A special section of the book presents a spectrum of six ideological perspectives ranging from Norman Podhoretz on the Right to Michael Harrington on the Left. In open and explicit disagreement, these commentators and intellectuals offer distinctly partisan specularion on the future role of coalitions in their own movements, as well as in American politics in general.

Lipset concludes that while 1980 witnessed an adjustment within the parties that tended to place greater emphasis on leadership, "the basic structural features dictated by the U.S. Constitution will continue to produce weak parties and tensions between Congress and the presidency even when the same party controls both institutions." He sees within the Democratic party five distinct parties: socialists (a few congressmen and union leaders), "New Politics" Leftists (Kennedy), New Deal centrists (Mondale), neo-conservatives (Moynihan and Jackson), and conservative "boll weevils" (Gramm). Within the Republican party he identifies three: liberal gypsy moths (Percy and Mathias), centrists (Bush, Baker), and the New Right (Helms). Lipset believes that the two parties will continue to serve as mechanisms through which these diverse groups compete to elect candidates and formulate public policy.

P.T. BAUER
Equality, the Third World and Economic Delusion
Cambridge, Massachusetts, 1981

The decade of the 1970s produced two major critics of the fundamental thinking behind Western foreign aid policies, Cal-

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ifornia's Garrett Hardin and England's Peter Bauer. Their analyses are set in the frameworks of two of the post-war period's glamour disciplines: environmental studies and development economics. Bauer's book is essentially an edited collection of a number of his essays which appeared in various publications between 1971 and 1980. More journalistic than academic in tone, the work is only occasionally too technical for the lay person to follow with ease. Bauer eschews the "jargon and technical facade" which he rightly claims shields much contemporary discussion of economic policy.

Though at times the connection is tenuous, most chapters have some relation to North-South issues. The author explores the intellectual weaknesses and ideological preconceptions of the foreign aid lobby, including its refusal to address empirical evidence of the failure or negative effects of aid. In a penetrating chapter on "Western Guilt and Third World Poverty" Bauer attacks the position that colonialism and neocolonialism have been the causes of the ills of the Less Developed Countries. Rather, he argues, Western contacts have been responisble for such progress as has occurred in the Third World.

The author addresses an often overlooked topic, aid as a political issue. He draws attention to the existence of an effective aid lobby and a self-interested aid bureaucracy. "The record of the advocacy of foreign aid is one of intellectual failure but political success," he states. Aid has been elevated above political discussion in almost every nation in the West. Not even the victorious and highly organized U.S. conservative movement has produced any important grass-roots anti-foreign aid body (though this has happened in Canada).

Bauer the economist is weakest where Hardin the biologist is strongest — population. Bauer's attempt to reconceptualize overpopulation out of existence as a problem is entirely unsatisfactory. As well, it is unfortunate that the book does not contain a critique of either the report of the Brandt Commission or the Law of the Sea negotiations. Despite lacunae and occasional lapses, it is an important and welcome contibution to the literature on development issues.

James P. Hull
York University, Toronto

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TIMOTHY GREEN
The New World of Gold
Walker and Company, New York, 1982, $15.95

Since the very beginning of civilization gold has had unparalleled allure – as the symbol of wealth and power and the object of men's lust. All the romance of the gleaming metal is captured in *The New World of Gold.* It tells the story of this most precious and sought-after commodity, right up to today's front pages, with an incisive view of the key role gold plays in the world of finance, including the newly resuscitated debate over a return to the gold standard.

With an immediacy of style that conveys the almost mythic grasp gold has over man, he takes reader from the depths of the damp and sweating mines of South Africa, through teeming Singapore, where gold bar fever runs high, and behind closed doors at a price-fixing ritual in London. He analyzes with authority the great new gold rush in Brazil (the biggest since California in 1848 and the Klondike in 1896); the Hong Kong picture; the London, Swiss and New York markets; the role of central banks, speculators and small investors in today's volatile gold business. He assesses the effects of political turmoil on gold prices and the enormous power of oil-rich countries to affect today's gold market. He explains the reasons for gold's meteoric rise to $850 an ounce, and makes informed forecasts on the outlook through the next decade.

The New World of Gold is indexed and has a four-part bibliography which covers the history of gold, its monetary role, general books on the subject, and specialist topics. Five tables list gold holdings in the private sector (1940-1980); gold production (1970-1980); fabricated gold and bullion holdings (1970-1980); and official gold holdings – including new material from China (1970-1980).

JAMES L. CREIGHTON
The Public Involvement Manual
Abt Books, Cambridge, Massachusetts, $19.50

Public involvement programs are crucial to government and corporate decision making on sensitive issues affecting the

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public. In some cases, public involvement is a legal mandate; in others, organizations may elect to create public involvement programs as part of their responsibility to the public. *The Public Involvement Manual* provides the keys to making these programs work.

An essential book for those who would influence government, this volume offers the most complete advice available for thinking about the issues and options of public involvement, structuring and publicizing the program, soliciting public reaction, coping with it, and making sense of it. All aspects of planning and running a program are covered thoroughly, from dealing with hostile audiences to writing up the summary report.

ECONOMIC AND SOCIAL COMMITTEE OF THE EUROPEAN COMMUNITIES
European Interest Groups and Their Relationship to the Economic and Social Committee
Renouf USA Inc, Brookfield, Vermont, $74.50

The European Common Market did not come about by accident: it was a response to major pressure groups. One of the features of West European democracies is the emergence of large, autonomous pressure groups alongside the political decision making bodies. These groups, which represent sectoral, social and general interests, seek to exert influence on the decision making bodies. Their existence is acknowledged in the basic Treaties of the Communities, and they play a major role in the framing of Community objectives.

This publication from The Economic and Social Committee of the European Communities, examines the structure, role and activities of twenty two Community umbrella organisations with particular reference to: their structure, decision-making style and membership; their organisational aims and levels of integration; the channels through which they can influence the Community's legislative and executive work; their policy-making priorities; their links with the Economic and Social Committee.

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